Dear Shareholders,

The time is right to raise the case for India's sugar industry.

I have some fundamental points.

India's economy was liberalised in 1991 but India's sugar industry remains under control.

Why single out one industry for sustained regulation? Why is the country not creating a sustainable ecosystem that benefits all stakeholders of India's sugar industry?

This Annual Report suggests answers that could benefit the farmers, millers and consumers.

Everyone.

Vivek Saraogi, *Managing Director*

Win-win-win.

Five ways of creating a sugar ecosystem that benefits growers, millers and consumers

Balrampur Chini Mills Limited | Annual Report 2013-14

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118

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

Phone: (033)22874749, Fax: (033)22873083, Email: bcml@bcml.in, Website: www.chini.com

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the members of **Balrampur Chini Mills Limited** will be held on Thursday, the 7th August, 2014 at 10.30 a.m. at 'Vidya Mandir', 1, Moira Street, Kolkata – 700 017 to transact the following businesses :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the statement of Profit & Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Kishor Shah (DIN–00193288) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "Resolved that M/s G.P. Agrawal & Co., Chartered Accountants (Regn. No.302082E) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

Special Business:

4. **To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**
   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri Dinesh Kumar Mittal (DIN–00040000), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."
5. **To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**
   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri Krishnava Dutt (DIN–02792753), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."
6. **To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**
   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri Naresh Chandra (DIN–00015833), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."

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

   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri Ram Kishore Choudhury (DIN–00083192), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."

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

   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri Rangarajan Vasudevan (DIN–00025334), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."

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

   "Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri R. N. Das (DIN–03582925), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31st March, 2019."

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

    "Resolved that pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of the Central Government, if necessary, and subject to all such approvals as may be required, the approval of the members be and is hereby accorded to the reappointment and payment of existing remuneration to Shri Vivek Saraogi (DIN–00221419) as Managing Director of the Company for a further period of 3 years with effect from 1st April, 2014 on the terms and conditions as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors ("the Board") to alter and vary the terms and conditions of the appointment and remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by and between the Board and Shri Vivek Saraogi.

    Further resolved that the Board be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

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

    "Resolved that pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of the Central Government, if necessary, and subject to all such approvals as may be required, the approval of the members be and is hereby accorded to the reappointment and payment of existing remuneration to Smt. Meenakshi Saraogi (DIN–00361421) as Jt. Managing Director of the Company for a further period of 3 years with effect from 1st April, 2014 on the terms and conditions as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors ("the Board") to alter and vary the terms and conditions of the appointment and remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by and between the Board and Smt. Meenakshi Saraogi.

    Further resolved that the Board be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

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

    "Resolved that pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members be and is hereby accorded to the re-appointment of Dr. Arvind Krishna Saxena (DIN–00846939) as a Whole-time Director of the Company for a period of three years with effect from 1st August 2014 on the terms and conditions as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to revise, implement, alter and vary the terms and conditions of his appointment including remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 2013 and Schedule V or any modification thereto and as may be agreed to by and between the Board and Dr. Arvind Krishna Saxena.

Further resolved that the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be considered desirable or expedient to give effect to this resolution."

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

    "Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and all other applicable provisions (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

    Resolved further that the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

    "Resolved that pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorised to borrow moneys for the purposes of the business of the Company notwithstanding that the moneys so borrowed may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purposes but so that the total amount of moneys so borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹2000 crores (Rupees Two thousand crores only) outstanding at any time over and above the aggregate of the paid up capital of the Company and its free reserves, as aforesaid."

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

    "Resolved that consent of the Company be and is hereby accorded under Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company to mortgage, hypothecate or in any other way charge in favour of the lenders all or any of the movable and/or immovable properties of the company, both present and/or future of the whole or substantially the whole of the undertaking or undertakings of the Company for availment of any loan or guarantees or issue of debentures and to secure the payment of interest thereon or any fees or charges or expenses relating thereto and in the case of borrowing against debentures the said security shall be in favour of the trustees for such debenture-holders where required on such terms and conditions as may be approved by the Board of Directors.

    Further resolved that the Board be and is hereby authorized to execute trust deed and/or such other documents and settle any difficulties that may arise in the course of such proposed issue and allotment of debentures and to do all acts, deeds and things in connection therewith and incidental thereto as the Board of Directors in its absolute discretion may deem fit, to give effect to this resolution"

By Order of the Board

Sd/-

Place: Kolkata
Date : 18th June, 2014

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.**

   A person can act, as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 31st July, 2014 to 7th August, 2014 (both days inclusive).

3. The statement pursuant to Section 102 of the Companies Act, 2013 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 along with a photo Identity Card for easy identification of attendance at the meeting.

5. Corporate members are requested to send a duly certified copy of the Board Resolution, 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, 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 2007-08 to 2012-13. (Except 2011-12 where no dividend declared). Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st July, 2013 (date of last Annual General Meeting) on the website of the Company (www.chini.com), as also on the website of the Ministry of Corporate Affairs.

8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.chini.com under the section 'Investor Corner'.

9. Notice of the 38th Annual General Meeting along with the Annual Report 2014 of the Company is being sent to all the members in the electronic mode, whose email address are registered with the Depository Participants(s)/Company, unless any member has requested for a hard copy of the same and for members who have not registered their email address, physical copy of above documents is being sent.

10. Members may also note that the Notice of 38th Annual General Meeting and the Annual Report 2014 will also be available on company's website: www.chini.com for download.

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays.

12. Members holding shares in physical mode are requested to provide their email id, CIN/Regn. No. (for corporate members), Unique Identification No., PAN, in case member is minor than date of birth of minor and name of guardian, declaration regarding beneficial ownership (if any), nomination details, lien details (if any), particulars of dividend mandate etc. and such other information as mentioned under section 88 (1)(a) of the Companies Act, 2013 and rule 3(1) of the Companies (Management and Administration) Rules, 2014 for receiving all communications/documents electronically.

    Members holding in demat mode are requested to provide the above information to their depository participant.

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013

Item No. 4:

Shri Dinesh Kumar Mittal was appointed as an Additional Director (independent) of the Company with effect from 6th February, 2014. He is Chairman of the Nomination and Remuneration Committee and member of the CSR Committee and Audit Committee of the Board of Directors of the Company. Pursuant to Section 161 of the Companies Act, 2013, Shri Mittal will hold office as director upto the date of forthcoming Annual General Meeting. A notice has been received from a member proposing Shri Dinesh Kumar Mittal as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Profile of Shri Dinesh Kumar Mittal

Date of Birth: 25th January, 1953.

Qualifications: M.Sc (Physics) with specialization in Electronics, Indian Administrative Services (IAS) (Retired).

Expertise in specific functional areas: He joined the Indian Administrative Service in 1977 and served many distinguished posts in Government of India and Government of U.P., including: • Secretary, Department of Financial Services, Govt. of India • Secretary, Ministry of Corporate Affairs, Govt. of India • Addl. Secretary, Department of Commerce, Govt. of India • Director General, U.P. Academy of Administration and State Institute for Rural Development • Managing Director, IL&FS Infrastructure Development Corporation Ltd.

Directorship in other Companies: • Steel Authority of India Ltd, • Bharti Airtel Limited, • Max Life Insurance Co. Ltd, • ONGC Tripura Power Company Limited • HSBC Asset Management (India) Pvt. Ltd • Business Strategy Advisory Services Pvt. Ltd.

Membership in other Board Committees: Member, HR, ESOP compensation and nomination committee of Bharti Airtel Limited

Shareholding as on 31.03.2014: Nil

Shri Mittal has wide experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance.

The Board considers that the Company would be benefited by his rich experience and guidance. Pursuant to Section 149 of the Companies Act, 2013, Shri Dinesh Kumar Mittal shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri Dinesh Kumar Mittal is interested in the resolution set out at Item No.4 of the Notice with regard to his appointment. The relatives of Shri Dinesh Kumar Mittal may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board of Directors, therefore, recommends the resolution for approval of the members.

Item No. 5:

Shri Krishnava Dutt was appointed as an Additional Director (Independent) of the Company with effect from 6th February, 2014. He is member of the Stakeholders Relationship Committee of the Board of Directors of the Company. Pursuant to Section 161 of the Companies Act, 2013, Shri Dutt will hold office as director upto the date of forthcoming Annual General Meeting. A notice has been received from a member proposing Shri Krishnava Dutt as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Profile of Shri Krishnava Dutt

Date of Birth: 16th October, 1973.

Qualifications: Law Graduate

Expertise in specific functional areas: Shri Krishnava Dutt is a Managing Partner of Udwadia Udeshi and Argus Partners based in Mumbai. He started his legal career in the Calcutta High Court where he practiced civil law. After a short stint at the High Court, he joined ICICI Bank in Mumbai where he gained several years of experience in banking & finance. Thereafter he joined Amarchand Mangaldas in 2005 and became the partner in charge of the eastern operations of the firm in the year 2007. He left Amarchand Mangaldas in June 2009 to establish Argus

Partners. Effective from April, 2012 Argus Partners and Udwadia & Udeshi have merged to form Udwadia Udeshi and Argus Partners. Shri Dutt has assumed responsibility as Managing Partner of the merged Firm. Shri Dutt has closely worked with several venture capital, private equity funds, banks & financial institutions.

Directorship in other Companies: • Macmet India Limited, • Tata Metaliks Limited, • Himadri Chemicals & Industries Ltd, • Caprihans (India) Limited

Membership in other Board Committees: • Chairman, Audit Committee and Member, Remuneration Committee of Tata Metaliks Limited, • Member, Investor Grievance Committee and Member, Nomination & Remuneration Committee of Caprihans (India) Limited

Shareholding as on 31.03.2014: Nil

Shri Dutt experience encompasses the entire repertoire of corporate practice including mergers & acquisitions, private equity, banking and finance, projects and project finance.

The Board considers that the Company would be benefited by his rich experience and guidance. Pursuant to Section 149 of the Companies Act, 2013, Shri Krishnava Dutt shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri Krishnava Dutt is interested in the resolution set out at Item No.5 of the Notice with regard to his appointment. The relatives of Shri Krishnava Dutt may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.
The Board of Directors, therefore, recommends the resolution for approval of the members.

Item No. 6:
Shri Naresh Chandra is a Non-Executive Independent Director of the Company. He joined the Board in May, 2003. Shri Naresh Chandra is the Chairman of the Board of Directors of the Company. He is also Chairman of the CSR Committee and member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri Naresh Chandra is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri Naresh Chandra being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Naresh Chandra as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Profile of Shri Naresh Chandra

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

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: • Electrosteel Castings Ltd • Bajaj Auto Ltd • Bajaj Finserv Ltd • Bajaj Holdings & Investments Ltd • Cairn India Ltd • Gammon Infrastructure Projects Ltd

• EROS International Media Ltd • AVTEC Ltd • Sesa Sterlite Limited • G4S Corporate Services (India) Pvt. Ltd • Emergent Ventures India Pvt. Ltd • EROS International Plc.

Membership in other Board Committees: • 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 Cairn India Ltd • Member, Audit Committee of Gammon Infrastructure Projects Ltd • Member, Audit Committee of EROS International Media Ltd • Chairman, Audit Committee of Emergent Ventures India Pvt. Ltd • Chairman, Remuneration Committee and Member, Audit Committee of EROS International Plc.

Shareholding as on 31.03.2014: Nil

His area of experience includes administration, audit, business consultancy, corporate strategic management, corporate governance, financial management etc.

The Board considers that the Company would be benefited by his rich experience and guidance. Pursuant to Section 149 of the Companies Act, 2013, Shri Naresh Chandra shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri Naresh Chandra is interested in the resolution set out at Item No.6 of the Notice with regard to his appointment. The relatives of Shri Naresh Chandra may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board of Directors, therefore, recommends the resolution for approval of the members.

Item No. 7:

Shri Ram Kishore Choudhury is a Non-Executive Independent Director of the Company. He joined the Board in August, 1975. He is Chairman of the Stakeholders Relationship Committee, Vice-chairman of the Audit Committee and Member of the Nomination and Remuneration Committee, CSR Committee & Share Transfer Committee of the Board of Directors of the Company.

Shri Ram Kishore Choudhury is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri Ram Kishore Choudhury being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Ram Kishore Choudhury as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Profile of Shri Ram Kishore Choudhury

Date of Birth: 26th January, 1936.

Qualifications: B.Com., L.L.B.

Expertise in specific functional areas: He has vast experience in the matters of Arbitration, Litigation, Real Estate, Taxation, Legal Research, Corporate Documents etc. He is practicing as an Advocate for more than 37 years in the Calcutta High Court and Supreme Court of India.

Directorship in other Companies: • Lynx Machinery and Commercial Ltd, • Khaitan Consultants Ltd, • Puja Art Archive Ltd, • Academic Foundation & Publication Pvt. Ltd and • Rajratan Impex Pvt. Ltd.

Membership in other Board Committees: Nil

Shareholding as on 31.03.2014: 500 Equity Shares.

The Board considers that the Company would be benefited by his rich experience and guidance in legal area and arbitration. Pursuant to Section 149 of the Companies Act, 2013, Shri Ram Kishore Choudhury shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri Ram Kishore Choudhury is interested in the resolution set out at Item No.7 of the Notice with regard to his appointment. The relatives of Shri Ram Kishore Choudhury may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key

Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.
The Board of Directors, therefore, recommends the resolution for approval of the members.

Item No. 8:
Shri Rangarajan Vasudevan is a Non-Executive Independent Director of the Company. He joined the Board in November, 2009. He is member of the CSR Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri Rangarajan Vasudevan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Rangarajan Vasudevan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri Rangarajan Vasudevan as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

Profile of Shri Rangarajan Vasudevan

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 • Cosmo Films Ltd.

Membership in other Board Committees: • Member, Project & Technology 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 31.03.2014: Nil

His area of experience includes administration, audit, business consultancy, corporate management, corporate governance, economic advisory, financial management etc.

The Board considers that the Company would be benefited by his rich experience and guidance. Pursuant to Section 149 of the Companies Act, 2013, Shri Rangarajan Vasudevan shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri Rangarajan Vasudevan is interested in the resolutions set out at Item No.8 of the Notice with regard to his appointment. The relatives of Shri Rangarajan Vasudevan may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board of Directors, therefore, recommends the resolution for approval of the members.

Item No. 9:
Shri R. N. Das is a Non-Executive Independent Director of the Company. He joined the Board in July, 2011. Shri R.N. Das is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Shri R.N. Das is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri R.N. Das being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Shri R.N. Das as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

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: • National Commodities and Derivatives Exchange of India Ltd.

Membership in other Board Committees: • Chairman of Board Nomination, Governance & Compensation Committee, Member, Audit Committee, Member, Risk Management Committee and Member, Share Transfer Committee of National Commodities and Derivatives Exchange of India Ltd.

Shareholding as on 31.03.2014: Nil

His area of experience includes administration, audit, business consultancy, corporate strategic management, corporate governance, financial management etc.

The Board considers that the Company would be benefited by his rich experience and guidance. Pursuant to Section 149 of the Companies Act, 2013, Shri R.N. Das shall hold office of a Director for five consecutive years for a term upto 31st March, 2019.

Shri R.N. Das is interested in the resolutions set out at Item No.9 of the Notice with regard to his appointment. The relatives of Shri R.N. Das may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board of Directors, therefore, recommends the resolution for approval of the members.

In the opinion of the Board, proposed appointment of Shri Dinesh Kumar Mittal, Shri Krishnava Dutt, Shri Naresh Chandra, Shri Ram Kishore Choudhury, Shri Rangarajan Vasudevan and Shri R.N. Das as the independent director of the company fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management. Copy of the draft letters for appointment of Shri Dinesh Kumar Mittal, Shri Krishnava Dutt, Shri Naresh Chandra, Shri Ram Kishore Choudhury, Shri Rangarajan Vasudevan and Shri R.N. Das as Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Item No. 10:

The Board of Directors at its meeting held on 6th February, 2014 have, pursuant to the recommendation of Remuneration Committee approved the reappointment of Shri Vivek Saraogi as Managing Director of the Company for a further period of 3 years with effect from 1st April, 2014 on the same remuneration. A special resolution has to be passed at the forthcoming Annual General Meeting of the Company for payment of such remuneration for a period of 3 years with effect from 1st April, 2014. The salary and perquisites are mentioned hereinbelow :

a)	Salary		:	₹12,50,000 per month.
b)	Commission		:	1% of the net profit of the Company subject to a ceiling of ₹150 lacs per annum.
c)	**Perquisites/Amenities**			
	i)	Medical Reimbursement	:	Reimbursement of actual medical expenses in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.
	ii)	Leave Travel Concession	:	Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of himself and family to any destination in India or abroad.
	iii)	Leave	:	One month leave for eleven months' service.
	iv)	Personal Accident Insurance	:	Premium upto ₹15,000/- per annum.
	v)	Medical Insurance	:	As per Company's Rule.
	vi)	Club Fees	:	Reimbursement of membership fee of clubs in India and abroad including admission and life membership fees.
	vii)	Provident Fund	:	As per Company's Rule.
	viii)	Gratuity		$^1/_2$ month's salary for each completed year of service.
	ix)	Car	:	Company's Car with driver for official use.
	x)	Telephone	:	Telephone facility at the residence including Cell Phone.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

In the event of absence or inadequacy of profit during the period Shri Vivek Saraogi shall be paid the above remuneration as minimum remuneration.

General Terms & Conditions

(i) Subject to the supervision and control of the Board of Directors, Shri Vivek Saraogi shall be overall in-charge of Management/ administration of the affairs of the Company. He will look after day to day affairs of the Company including general administration, banking, finance, sales, purchase and accounts.

(ii) Without prejudice to the powers contained in the previous clause, the Board of Directors may from time to time entrust to Shri Vivek Saraogi such of the powers exercisable by the Directors as they think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restriction as they may think expedient.

(iii) He shall be entitled to engage and dismiss staff and shall manage the business of the Company with full powers to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company.

(iv) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof from the date of his appointment.

(v) Shri Vivek Saraogi shall also visit such places from time to time, which may be necessary for the purpose of the business of the Company. Shri Vivek Saraogi shall be entitled to reimbursement of all the traveling, boarding, lodging and incidental expenses along with one person for assistance, which he may incur for performing his duties outside Kolkata.

(vi) Shri Vivek Saraogi shall not be reckoned as Director for the purpose of determining the retirement of Directors by rotation or in fixing the number of Directors to retire but he shall immediately cease to be Managing Director if he ceases to hold the office of Director for any reason.

(vii) Shri Vivek Saraogi may with the sanction of the Board of Directors delegate any of his powers to such Managers, Directors, Secretary or other persons, as he may deem fit, and shall have power to grant to such Manager, Directors or other delegates such power of Attorney as Shri Vivek Saraogi may, subject to the approval of the Board of Directors, deem expedient and shall have power to revoke the same.

Shri Vivek Saraogi (Date of Birth 05.02.1966), is a Commerce Graduate having 26 years of experience in sugar industry and is in overall in-charge of running the affairs of the Company including budgeting, funding, liasioning with the investors and Corporate affairs. The Company has made tremendous growth under his leadership. He is a dynamic new generation industrialist. As a Managing Director he has played key role in making the Company one of the most efficient sugar producer in the country. He is the past president of Indian Sugar Mills Association. He is also director in Indian Sugar Exim Corporation Ltd., Neoworth Commercial Pvt. Ltd. and VM Vinimay Pvt. Ltd. He was a committee member of FICCI and Indian Chamber of Commerce, Kolkata. He is not a member of any board committee except in the Company. He is holding 38082320 equity shares of the Company as on 31.03.2014. The remuneration proposed to be paid to Shri Vivek Saraogi is justified having regard to the nature of service required from him and the responsibility which he is called upon to bear as Managing Director of the Company.

Shri Vivek Saraogi is interested in the Resolution. Smt. Meenakshi Saraogi being mother of Shri Vivek Saraogi be deemed to be interested in the said Resolution. Other relatives of Shri Vivek Saraogi may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the company. Shri Vivek Saraogi and Smt. Meenakshi Saraogi have no other interest apart from receiving remuneration as stated above and as a member of the Company.

No other directors or KMP or their relatives have any concern or interest, financial or otherwise, in the proposed resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board recommends the acceptance of the Resolution.

Item No. 11:

The Board of Directors at its meeting held on 6th February, 2014 have, pursuant to the recommendation of Remuneration Committee approved the reappointment of Smt. Meenakshi Saraogi as Jt. Managing Director of the Company for a further period of 3 years with effect from 1st April, 2014 on the same remuneration. A special resolution has to be passed at the forthcoming Annual General Meeting of the Company for appointment and payment of such remuneration for a period of 3 years with effect from 1st April, 2014. The salary and perquisites are mentioned hereinbelow:

a)	Salary		:	₹12,50,000 per month.
b)	Commission		:	1% of net profit of the Company subject to a ceiling of ₹150 lacs per annum.
c)	**Perquisites/Amenities**			
	i)	Medical Reimbursement	:	Reimbursement of actual medical expenses in India and/or abroad and including hospitalization, nursing home and surgical charges for herself and family.
	ii)	Leave Travel Concession	:	Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of herself and family to any destination in India or abroad.
	iii)	Leave	:	One month leave for eleven months' service.
	iv)	Personal Accident Insurance	:	Premium upto ₹15,000/- per annum.
	v)	Medical Insurance	:	As per Company's Rule.
	vi)	Club Fees	:	Reimbursement of membership fee of clubs in India and abroad including admission and life membership fees.
	vii)	Provident Fund		As per Company's Rule.
	viii)	Gratuity	:	$^1/_2$ month's salary for each completed year of service.
	ix)	Car		Company's Car with driver for official use.
	x)	Telephone	:	Telephone facility at the residence including Cell Phone.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

In the event of absence or inadequacy of profit during the period Smt. Meenakshi Saraogi shall be paid the above remuneration as minimum remuneration.

General Terms & Conditions

(i) Subject to the supervision and control of the Board of Directors, day to day affairs of the Company's factories all in the state of U.P., shall be in the hands of Smt. Meenakshi Saraogi and in particular she will look after general administration, efficient running of all plants, planning, control, expansion, timely commission of project, labour matters, production of Sugar and sugar development activities, finance and accounts at the factories.

(ii) Without prejudice to the powers contained in the previous clause, the Board of Directors may from time to time entrust to Smt. Meenakshi Saraogi such of the powers exercisable by the Directors as they think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restriction as they may think expedient.

(iii) She shall be entitled to engage and dismiss staff and shall manage the business of the Company with full powers to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company.

(iv) Smt. Meenakshi Saraogi may with the sanction of the Board of Directors, delegate any of her powers to such Managers or other persons, as she may deem fit and shall have power to grant to such Manager, directors or other person such power of Attorney as Smt. Meenakshi Saraogi may, subject to the approval of the Board of Directors, deem expedient and shall have power to revoke the same.

(v) The Jt. Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof from the date of her appointment.

(vi) Smt. Meenakshi Saraogi shall also visit such places from time to time, which may be necessary for the purpose of the business of the Company. Smt. Meenakshi Saraogi shall be entitled to reimbursement of all the traveling, boarding, lodging and incidental expenses along with one person for assistance, which she may incur for performing her duties outside Kolkata.

(vii) Smt. Meenakshi Saraogi shall be reckoned as Director for the purpose of determining the retirement of Directors by rotation or in fixing the number of Directors to retire. Further, she shall immediately cease to be Jt. Managing Director if she ceases to hold the office of Director for any reason.

Smt. Meenakshi Saraogi (Date of Birth 05.03.1944), is a graduate in Art and looks after the factory operations and is the driving force behind the success of the organization. She is having 31 years of vast experience in the sugar industry and the Company has made tremendous progress due to her efforts. Smt. Meenakshi Saraogi was awarded 'Padmashree' in the year 1992 by the then Hon'ble President of India for her valuable contribution to the sugar industry. The Company would certainly be benefited, if she continues to be Jt. Managing Director of the Company and her supervision and guidance in the factories would make ideal platform for the continued growth and development of the Company. The remuneration proposed to be paid to Smt. Meenakshi Saraogi is justified having regard to the nature of services required from her and the responsibility which she is called upon to bear as Jt. Managing Director of the Company. She is a Director of VM Vinimay Pvt. Ltd. She is not a member of any board committee except in the Company. She is holding 14244300 equity shares of the Company as on 31.03.2014.

As Smt. Meenakshi Saraogi has attained the age of seventy years, a special resolution is required to be passed by the company. She will be liable to retire by rotation.

Smt. Meenakshi Saraogi is interested in the Resolution. Shri Vivek Saraogi being son of Smt. Meenakshi Saraogi be deemed to be interested in the said Resolution. Other relatives of Smt. Meenakshi Saraogi may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company. Smt. Meenakshi Saraogi and Shri Vivek Saraogi have no other interest apart from receiving remuneration as stated above and as a member of the Company.

No other directors or KMP or their relatives have any concern or interest, financial or otherwise, in the proposed resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement.

The Board recomends the acceptance of the Resulation.

The Company has incurred a net profit of ₹364.08 lacs for the financial year ended 31st March 2014. As profits are inadequate for the financial year ended 31st March, 2014, for payment of same remuneration effective from 1st April, 2014 to Shri Vivek Saraogi as Managing Director and Smt. Meenakshi Saraogi as Jt. Managing Director, the Centrral Government approval may be required under section 196 and 197 read with Schedule V to the Companies Act, 2013.

The statement as required under Clause (iv) Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the item no(s). 10 and 11 are as follows:

I. General Information:

(1) Nature of Industry:
Manufacturing of Sugar, Cogeneration of Power, Industrial Alcohol & Organic Manure

(2) Date or expected date of commencement of commercial production:
Existing Company, already commenced from 1975

(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Existing Company, not applicable

(4) Financial performance based on given indicators:

Sl	Particulars	Audited Figure for the financial year ended 31.03.2014 (₹ in lacs)	Audited Figure for the financial year ended 31.03.2013 (₹ in lacs)	Audited Figure for the financial year ended 31.03.2012 (₹ in lacs)	Audited Figure for the financial year ended 31.03.2011 (18 months) (₹ in lacs)
1	Net sales/Income from operations	266494.43	327484.03	230954.63	297238.97
2	Other Income	2594.47	4280.13	2773.86	1982.80
3	Total Expenditure (including adjustment of stock)	245092.21	285496.12	207131.28	245996.32
4	Finance Costs	11784.26	14386.70	14741.11	13814.36
5	Depreciation & amortisation expense	10945.04	10825.74	11078.09	16810.96
6	Profit before Tax	1267.39	21055.60	778.01	22600.13
7	Provision for Tax				
	a) Current Tax	360.00	4240.00	156.00	3804.00
	b) Deferred Tax	3390.36	612.72	(37.56)	2097.00
	c) MAT Credit Write Down/(Entitlement)	–	–	(2.92)	262.18
	d) Income Tax provision for earlier year written back	(2847.05)	–	–	(3.80)
8	Net Profit	364.08	16202.88	662.49	16440.75

(5) Foreign Investment of Collaborators, if any: Nil

II. Information about the Appointee :

(a) Shri Vivek Saraogi

1. Background details: Shri Vivek Saraogi (age 48 years) is a Commerce Graduate having 26 years experience in Sugar Industry. He is past president of Indian Sugar Mills Association. He was a committee member of FICCI and Indian Chambers of Commerce, Kolkata. He is also a Director in Indian Sugar Exim Corporation Ltd, Neoworth Commercial Pvt. Ltd and VM Vinimay Pvt. Ltd

2. Past remuneration: Salary ₹12,50,000/- per month plus commission & perquisites as more fully described in the Explanatory Statement.

3. Recognition or awards: i] In 1994 inducted to the Board of The Pradeshiya Industrial & Investment Corporation of U.P. Ltd. by Govt. of U.P., ii] 1995-96, 2009-10, President, Indian Sugar Mills Association, iii] was nominated member of the Eastern Regional Committee of IDBI in 1997, iv] was elected as Committee member of the Indian Chamber of Commerce, Kolkata in the year, 2006, v] Elected as member of the Executive Committee of FICCI in the year 2005.

4. Job profile and his suitability: Subject to the supervision and control of the Board of Directors Shri Vivek Saraogi is in overall in-charge of running the affairs of the Company including Budgeting, Funding, Liasioning with the Investors and Corporate affairs. He is also looking after the general administration, banking, finance, sales and purchase. He is a dynamic new generation industrialist. As a Managing Director he has played a key role in making the Company one of the most efficient sugar producer in the country. Incorporated in 1975 with a single sugar unit at Balrampur today the Company has 11 sugar units, 8 co-gen power plants and 3 distillery units. The Company has made tremendous growth under his leadership.

5. Remuneration proposed: Same remuneration: Salary ₹12,50,000/- per month plus commission & perquisites as more fully described in the Explanatory Statement.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin): The proposed remuneration is comparable with the remuneration drawn by the peers and is necessitated due to complexities of business, larger no. of units (22 in aggregate) and diversified activities in Cogeneration of Power, Ethanol, Industrial Alcohol and Organic Manures.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Shri Vivek Saraogi is a Promoter Director holding 38082320 shares consisting of 15.55% of the paid-up capital of the Company.

Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. Smt. Meenakshi Saraogi (Jt. Managing Director) is the mother of Shri Vivek Saraogi. No other managerial personnel have any relationship with Shri Vivek Saraogi.

(b) Smt. Meenakshi Saraogi

1. Background details: Smt. Meenakshi Saraogi (age 70) is a graduate in Art and looks after the factory operations and is the driving force behind the success of organisation. She is having 31 years of vast experience in the Sugar Industry. The Company has made tremendous progress due to her efforts. She is also a Director in VM Vinimay Pvt. Ltd.

2. Past remuneration: Salary ₹12,50,000/- per month plus commission & perquisites as more fully described in the Explanatory Statement.

3. Recognition or awards: Smt. Meenakshi Saraogi was awarded 'Padmashree' in the year 1992 by the then Hon'ble President of India for her valuable contribution to the sugar industry.

4. Job profile and her suitability: Subject to the supervision and control of the Board of Directors, Smt. Meenakshi Saraogi is in-charge of running all the plants of the Company situated in the state of Uttar Pradesh. She looks after efficient running of all the plants, planning, control, expansion, sugarcane development activities, timely completion of the project and general administration of the factory including labour.

Smt. Meenakshi Saraogi is instrumental in the development of the Company and for maintaining cordial atmosphere and relationship in the factories.

5. Remuneration proposed: Same remuneration: Salary ₹12,50,000/- per month plus commission & perquisites as more fully described in the Explanatory Statement.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be with respect to the country of his origin): The proposed remuneration is comparable with the remuneration drawn by the peers and is necessitated due to complexities of business, larger no. of units (22 in aggregate) and diversified activities in Cogeneration of Power, Ethanol, Industrial Alcohol and Organic Manure.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Smt. Meenakshi Saraogi is a Promoter Director holding 14244300 shares consisting of 5.82% of the paid-up capital of the Company.

Apart from receiving remuneration as stated above and dividend as a member of the Company, she does not receive any emoluments from the Company. Shri Vivek Saraogi (Managing Director) is the son of Smt. Meenakshi Saraogi. No other managerial personnel have any relationship with Smt. Meenakshi Saraogi.

III. Other Information:

1. Reasons of loss or inadequate profits: Inadequate profit, i.e. Net Profit ₹364.08 lacs incurred by the company for the financial year ended 31st March, 2014 was due to decline in sugar sales in quantity and in sugar prices, following the withdrawal of the release mechanism. Lower realisations coupled with higher cane prices fixed by the U.P. Govt. have severely impacted the sugar margin of the Company.

2. Steps taken or proposed to be taken for improvement: Sugar being a seasonal industry, the performance of a financial year may not be representative of the next annual performance of the company. The integrated model concept adopted by the Company in regard to Power Co-generation and Distilleries operations is expected to offset the Losses from the sugar divisions of the Company to some extent and also makes a source of revenue. Sugar being a seasonal and cyclical in nature the working results witnessed a phase of upturn & downturn in the past and normally improve after a downturn. The value added by-products like Co-generation of Power, Industrial Alcohol and Ethanol will also help the Company to maximise its business prospects.

3. Expected increase in productivity and profits in measurable terms: Sugar business is essentially cyclical and swift changes in demand – supply dis-equilibrium causes volatile change in pricing power. As such over the years the Company has shifted its focus from a sugar manufacturing to the downstream utilisation of its by-products such as Co-generation of Power, Industrial Alcohol and Ethanol. The value added by-products like Co-generation of Power, Industrial Alcohol and Ethanol will also help the Company to maximise its profits.

IV. Disclosures

The following disclosures mentioned in the Director's report under the heading "Corporate Governance Report" of the Company in the Annual Report 2013-14 :

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;

(ii) Details of fixed component and performance linked incentives along with the performance criteria;

(iii) Service contracts, notice period, severance fees;

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Item No. 12:

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, at its meeting held on 12th May, 2014 re-appointed Dr. Arvind Krishna Saxena as a Whole-time Director of the Company with effect from 1st August, 2014 for a period of 3 years. The remuneration of Dr. Saxena with effect from 1st August 2014 are as under:

a)	**Salary**	:	₹125000 per month with effect from 1st August, 2014. ₹135000 per month with effect from 1st August, 2015. ₹145000 per month with effect from 1st August, 2016.
b)	**Perquisites**		
i)	Housing	:	Free accommodation
ii)	Medical Reimbursement	:	For self and his family subject to a ceiling of 6% of salary in a year
iii)	Electricity and Water	:	Free of charge
iv)	Leave Travel Concession	:	One month's salary for 11 month's services
v)	Provident Fund	:	As per Rules of the Company
vi)	Gratuity	:	$^1/_2$ month's salary for each completed year of service
vii)	Telephone	:	Telephone facilities at residence including Cell Phone. Personal long distance call shall be reimbursed to the Company.
viii)	Leave	:	As per Rules of the Company

Explanation:
Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

The aggregate of salary and perquisites in any one financial year shall not exceed the limits prescribed under sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act.

In the event of absence or inadequacy of profit during the period Dr. Arvind Krishna Saxena shall be paid the above remuneration as minimum remuneration subject to the limit prescribed under Schedule V to the Companies Act, 2013.

Dr. Arvind Krishna Saxena (Date of birth 26.08.1951) is M.Sc. and Ph.D. (Botany) and has specialization in Industrial Mycology, Bio-composting, Mushroom Production and Processing from Horst, Holland. He has wide experience of 40 years and is associated with the Company since 2002. Previously he held various positions in other organizations and was also associated with scientific and research activities. He is also a Director and member, Audit Committee in Indo Gulf Industries Ltd. He is holding 18000 equity shares of the company. No managerial personnel have any relationship with Dr. Saxena.

It will be in the interest of the Company to avail of Dr. Saxena's experience and his appointment will be of benefit to the Company and he will be liable to retire by rotation.

Except Dr. Arvind Krishna Saxena, none of the directors or KMP or their relatives have any concern or interest, financial or otherwise, in the proposed resolution. The relatives of Dr. Arvind Krishna Saxena may be deemed to be interested in the resolution, to the extent of their shareholding interest, if any, in the Company. Your directors therefore recommend the resolution for your approval.

Item No. 13:
The Board, on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s N. Radhakrishnan & Co., Cost Accountants (Firm Regn. no.000056) as the Cost Auditors to conduct the audit of the cost records of the Company relating to Sugar (including Industrial Alcohol) and Electricity for the financial year ending March 31, 2015 at a remuneration of ₹350000/- exclusive of travelling, boarding, lodging and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

Item No. 14:
The company in it's Annual General Meeting held on 11th January, 2007 has passed an ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 authorizing the Board of Directors of the Company to borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) for the purposes of the business of the Company not exceeding ₹2000 crores (Rupees Two thousand crores only) outstanding at any time over and above the aggregate of the paid up capital of the Company and its free reserves. Now, a special resolution is required to be passed under Section 180(1)(c) of the Companies Act, 2013 for the aforesaid purpose. Therefore, the approval of shareholders is being sought to borrow moneys, as aforesaid not exceeding ₹2000 crores (Rupees Two thousand crores only) outstanding at any time over and above the aggregate of the paid up capital of the Company and its free reserves.

The Board of Directors therefore recommend the passing of special resolution contained in item No.14 of the notice.

None of the directors or KMP or their relatives have any concern or interest, financial or otherwise, in the proposed resolution.

Item No. 15:
The company in it's Annual General Meeting held on 16th July, 1998 has passed an ordinary resolution under Section 293(1)(a) of the Companies Act, 1956 authorizing the Board of Directors of the Company to mortgage, hypothecate or in any other way charge in favour of the lenders all or any of the movable and/or immovable properties of the company for securing any loan, guarantee or security availed from lenders. Now, a special resolution is required to be passed under Section 180(1)(a) of the Companies Act, 2013 for the aforesaid purpose. Therefore, the approval of shareholders is being sought under Section 180(1)(a) of the Companies Act, 2013 to sell, lease, mortgage, charge, hypothecate or otherwise dispose off the whole or substantially the whole of the undertaking of the company.

The Board of Directors therefore recommend the passing of special resolution contained in item No.15 of the notice.

None of the directors or KMP or their relatives have any concern or interest, financial or otherwise, in the proposed resolution.

Profiles of Shri Kishor Shah seeking re-appointment pursuant to Clause 49 of the Listing Agreement

Date of birth: 6th February, 1964.

Qualifications: Graduate in Commerce, Chartered Accountant.

Expertise in specific functional areas: • Finance, Accounts and Taxation Matters • Corporate Financial Planning & Restructuring • Arrangement of Finance & working capital • Budgeting • Acquisition, Merger & Amalgamation • Corporate Communication with Press, Research & Fund Managers • Investor Relations • Administration etc.

Directorship in other Companies: Nil

Membership in other Board Committees: Nil

Shareholding as on 31.03.2014: 40600

India is a unique market for sugar.

On the one hand, India enjoys one of the highest per capita consumption rates in the world. On the other, India provides a large market within.

Ironically, India's sugar industry is also one of its most erratic. Marked by weak Balance Sheets of manufacturers and cane arrears for farmers.

All that India's sugar industry needs is a win-win-win policy.

A policy that protects the interests of farmers, millers and consumers and graduates the sector into one of the most vibrant across the world.

Corporate identity

Balrampur Chini Mills is not just one of the largest private sector sugar manufacturers in India.

The Company is also one of the most de-risked.

Engaged in production across 11 locations.

Deriving revenues from three major business segments.

Possessing low long-term borrowings.

Attractively positioned to capitalise on the next industry uptrend.

Lineage

- Established in 1975, one of India's largest integrated sugar manufacturing companies

Location

- Headquartered in Kolkata (West Bengal, India)
- Manufacturing units are located in 11 locations (Balrampur, Babhnan, Tulsipur, Haidergarh, Akbarpur, Rauzagaon, Mankapur, Kumbhi, Gularia, Maizapur and Khalilabad) in Uttar Pradesh, (India)
- Possesses sugar manufacturing capacity of 79500 TCD, distillery capacity of 320 KLPD, organic manure production capacity of 58000 MT and saleable cogeneration capacity of 148.20 MW
- Shares are listed on the BSE Ltd. (BSE), the National Stock Exchange Ltd. (NSE) and the Calcutta Stock Exchange Ltd. (CSE)

Products

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

Capacities

Units	Sugar (TCD)	Distillery (KLPD)	Co-generation installed (MW)	Co-generation saleable (MW)	Organic manure (Tonnes)
Balrampur	12000	160	43.55	22.25	30000
Babhnan	10000	60	15.00	3.00	18000
Tulsipur	7000	-	9.50	-	-
Haidergarh	5000	-	23.25	20.95	-
Akbarpur	7500	-	18.00	11.00	-
Mankapur	8000	100	37.00	25.00	10000
Rauzagaon	8000	-	30.75	23.00*	-
Kumbhi	8000	-	32.70	23.00	-
Gularia	8000	-	31.30	20.00	-
Maizapur	3000	-	6.00	-	-
Khalilabad	2500	-	4.50	-	-
Total	**79000**	**320**	**251.55**	**148.20**	**58000**

* During season saleable co-generation capacity is 16 MW

MD's overview

“The government can easily generate a win-win-win proposition for farmers, millers and consumers.”

Any successful business needs to have clarity on the cost of raw materials on the one hand and realisations on the other. In the sugar industry, we have clarity on neither.

FOR THE LAST NUMBER OF YEARS, THE BIGGEST CHALLENGE IN OUR BUSINESS HAS BEEN THE UNPREDICTABILITY RELATED TO RAW MATERIAL COSTS.
The cost of cane has generally been fixed arbitrarily by the Uttar Pradesh Government overlooking the economic aspect of sugar business. Worse, there has been no policy to indicate what the cost will be for the next season or for the next few seasons. As a result, managing our existing business and planning for business growth have been risky and unpredictable.

On the other hand, the sugar prices, which are driven by market dynamics, have declined in the last one year, even after removal of the release mechanism. This has gone against the popular belief that sugar prices would rise following removal of the release mechanism. The sugar price within the country’s domestic markets is indirectly influenced by the Central Government through an export and import policy keeping inflation and affordability in mind.

The result is that the Indian sugar industry finds itself in an absolutely unenviable position where the two biggest success drivers in its business are outside its control or predictability.

Interestingly, this policy vacuum is not just affecting sugar manufacturers; it is affecting the entire ecosystem.

Take farmers, for instance. Because cane prices were raised arbitrarily with absolutely no respect for prevailing sugar realisations, a number of sugar manufacturers became loss-making, which in turn affected their capacity to remunerate farmers fairly for their cane. As it turned out, cane arrears in a state like Uttar Pradesh mounted to an unprecedented ₹6500 crores at the start of the 2013-14 sugar season which currently stands at around ₹8500 crores. So clearly, this ‘ad hoc-ism’ has been adversely affecting the interests of that one segment that the price increase was intended to benefit.

Take millers, for instance. For the last 6-7 years, virtually no capital expenditure has been made in Uttar Pradesh in augmenting cane crushing capacities and cane development of Uttar Pradesh’s sugar industry. This declining competitiveness is already evident in the state’s average recovery, which declined from 9.42% to 9.17%. Over time, this inertia is likely to affect the capacity of companies to manufacture ethanol or generate renewable energy. Considering that these businesses now account for a large part of the profits of sugar companies, it is easy to see how this stagger in capital expenditure represents a setback to the state’s proven global competitiveness in this field.

Take rural communities, for instance. Because there has been a sharp increase in cane arrears over the last few years, the role of cane in transforming rural economies has progressively declined. Even as recently as a decade ago, any region that attracted a new sugar mill would find itself at an attractive inflection point that would gradually translate into higher farmer incomes, improved lifestyle quality, spinoff businesses and wider rural prosperity. This entire cycle has been disturbed by the government’s insistence on sharply raising cane prices year after year.

Take the case of capital providers. The biggest financial stakeholder in India’s sugar industry is the government. Over the years, a number of public sector commercial banks have provided extensive loans to sugar companies. With one arm of the government (state) announcing ad hoc raw material price increases, it is another arm of the government (banks) that has had to suffer following delays or defaults in repayment and loan servicing. As an extension of this reality, the positive investment cycle that had been established by the sugar industry for decades has been virtually wiped out in the last few years. No incremental capital – either through FDI or local funds - has been invested in scale, cane development, byproduct generation or cutting-edge technologies. The irony is that even as Uttar Pradesh is showcased as one of the most attractive global cane growing locations from a climatic perspective, a number of government policies have prevented the state from achieving its true potential.

And finally, let me speak about the country. Sugar production in Uttar Pradesh has declined from a peak of 8.47 mln tonnes in 2006-07 to 6.5 mln tonnes in 2013-14. When production declines in one of the largest sugar providing pockets, its ramifications are felt not just in that state, but across the country. The result is that if this situation goes unaddressed, we will have to face a situation when the second largest sugar manufacturer in the world will need to go into the world to buy sugar, with implications on the sugar price and currency stability. Even as India has established its self-sufficiency across a number of agricultural products, we could be seeing the beginning of a reality where we transform from comfort to crunch.

Even as India has established its self-sufficiency across a number of agricultural products, we could be seeing the beginning of a reality where we transform from comfort to crunch.

Q/A

Q Were you pleased with the performance of the Company during the year under review?

A The industry reality was far from being favourable, the Company looked within to enhance operational efficiency and reduce costs.

Q What were the various challenges addressed by the Company during the year under review?

A The erratic government policies remained a principal challenge. Even as cane prices were controlled by the government, sugar realisations were influenced by the free market place. As it turned out, sugar realisations declined from ₹35-36 per kg to ₹27-28 per kg during the course of the year with a recovery evident only in March 2014.

Q What are the various initiatives that the Company embarked on during the year under review?

A **Balrampur Chini Mills responded to industry challenges through a number of initiatives:**

Cane development: The cane department, undertook various initiatives, establishing direct personalised contact with growers, selection and introduction of high-sugared varieties, guiding growers with a monthly calendar of input requirements and sound agricultural practices. Soil health analyses were introduced with deficiency-based nutrient dosing owing to which farmers were provided crop nutrients and pesticides at their door-step through our distribution network (often subsidised).This helped us achieve a recovery of 9.77 % vis-à-vis the U.P average of 9.20%.

Plant efficiency: Since the commencement of crushing seasons 2013-14, the Company adopted an approach of 'zero-tolerance' towards in-efficiency and breakdowns. Starting from cane cleanliness to the production of quality sugar, various milestones were achieved. Individuals were involved from scratch and made responsible for targets. The Company focused on automation for monitoring production. These initiatives helped the Company achieve its lowest ever break-down coupled with high quality. The Company also implemented energy-saving initiatives across its sugar and power divisions leading to better by-product capacity utilisation. Going forward, our only aim is to better our current performance standards.

Q Is the Company intending to engage in capital expenditure over the foreseeable future?

A The Company does not intend to invest in sugar segment unless there is a clarity on Governmental policies (State or Centre). The Company is looking to debottleneck and achieving optimum capacity utilisation. During the year under review, the Company invested around ₹60 crores in a 12.7 MW cogeneration facility (Kumbhi unit) and plans to commission another distillery as and when there is enhanced government clarity policy related to molasses and ethanol.

Q What is the Company's outlook on cane output and sugar realisations?

A It is the Company's conviction that if the cane-sugar linkage is being experimented in Karnataka and Maharashtra, then Uttar Pradesh, by the virtue of being one of the largest sugar producers in India, will not be able to resist this forward-looking development. We believe that the linkage will become necessary once Maharashtra makes Maharashtra Regulation of Sugarcane Price (Supplied to Factories) Act 2013 operative and Karnataka follows suit. Considering that these states account for almost 50% of India's sugar output, there could be an imbalance in costing (and sugar pricing), which can affect the industry (cane growers and millers) in other states. As a result, we see the development in Maharashtra and Karnataka with optimism and the start of an industry direction that would prove irrevocable.

Q So what is the sugar industry asking for?

A The country's sugar industry does not need protection; the Indian sugar industry is competitive enough to report a sustainable surplus even after paying 75% of sugar realisations to cane growers.

The industry needs a combination of the following policies: linking sugar realisations to cane prices so that profits can be equitably – and not disproportionately – shared with the farmers; the liberty to remunerate for cane based on quality and not quantity; reasonable protection against the cheap import of sugar that can affect farmer lives and industry viability; increase in the ethanol blend in the country's automotive fuel beyond 5%.

This report has been dedicated to explaining how these policies, if implemented, can generate a win-win-win proposition for farmers, millers and consumers.

Regards

Sd/-
Vivek Saraogi,
Managing Director

reality There is no link between sugar realisations and cane costs.

proposal A link can graduate the farmer from a vendor to a partner.

Overview

In most agri-based businesses, the farmer is, at the end of the day, merely a vendor. The Indian sugar industry has for long been proposing an enabling environment that graduates the farmer into a role of a partner.

When you have a product like sugar whose consumption has been extensively under-exploited in India on one hand and consistently rising on the other, this proposal to link end realisations with raw material costs could have the most positive implication for the Indian farmer, miller and consumer.

Reality

- There is no standard price for cane across India; the Central Government announces a fair and remunerative price, FRP, following which each state that grows cane announces a state-advised price (SAP), which is usually considerably higher. In any mature and deregulated economy, it would be reasonable for raw material prices to be left at the mercy of dynamic market forces; even in the instance of the government needing to protect the interests of farmers with a minimum price (as is there in case of other crops), one standard price all over the country would create a level playing field for manufacturers from all states.
- The State Government's decision to fix a seasonal cane price is unscientific, arbitrary and independent of sugar realisations. It appears that these cane prices are based more on political realities than economic considerations. It is not unusual to find high cane prices on the one hand and low sugar realisations on the other. So even as average ex-mill sugar prices strengthened only by 7% in the sugar season (SS) 2012-13, sugarcane prices increased by 12-20%. Sugarcane cost as a percentage of sugar prices touched a ridiculous high of 97% in Uttar Pradesh in SS 2012-13, compared to a Rangarajan Committee recommendation of 75%.

Proposal

The Rangarajan Committee has proposed that at the time of cane supply farmers be paid the FRP as the minimum price and on a half-yearly basis be remunerated to the extent of a 75% share of the value of sugar from the quantity of cane supplied by each farmer less what might have already been paid through the FRP.

Benefits

The linking of the realisations to costs would increase business sustainability, inspire fresh capital spending in enhanced capacity, encourage farmers to raise more cane, increase sugar production, eliminate arrears, widen India's rural prosperity and moderate the extent of industry cyclicality.

Benefiting farmer, millers and consumers.

reality Cane growers are remunerated by the weight of their produce.

proposal Cane growers need to be remunerated on the basis of recovery.

Overview

In most agri-based business, the quality of what you deliver eventually determines the price you get for it. The Indian sugar industry is an exception. Realisations for all cane supplies are generally determined solely by quantity, with quality becoming completely irrelevant.

Reality

The Indian farmer is largely concerned with how much his farm can deliver. As a result, most agricultural practices have tended to focus on quantity over quality. The result: an extensive under-investment in scientific cane management practices that extend not only to yield but also to recovery.

Proposal

The Indian sugar industry has for long recommended that payment by weight overlooks a critical factor – that on a number of occasions the cane supplied (which needs to be compulsory purchased) may be of inferior quality, reducing sugar recoveries and miller profitability. What the Rangarajan Committee has recommended is that 70% of the value of sugar and each of its major by products be fixed as cane dues payable to farmers, finally tying the quality angle with cane recovery.

Benefits

When farmers are remunerated on the basis of quality of what they have delivered, there will be an immediate movement towards the establishment of quality management practices. Since this would imply that the success of the farmer would now be appraised on the basis of what the miller is able to generate from the delivered cane, there would be a stronger connect between the supplier and the user, graduating vendorship to responsible partnership – percentage additional recovery would mean an additional payment of ₹28 per quintal to the farmer.

Benefiting the sugar ecosystem.

reality India blends only 2.5% of automotive fuel with environment-friendly ethanol as against the mandated 5%.

proposal India needs to raise blending to the stipulated 5% to reduce vehicular pollution.

Overview

The World Health Organisation has announced that 3.7 million deaths have resulted from outdoor air pollution, nearly 90% of which took place in developing countries; 78% Indian cities suffered particulate air pollution levels that exceeded WHO standards.

Reality

The sugar industry's role in mitigating vehicular pollution and making the world cleaner for all has remained surprisingly under-exploited, especially in India. Sugar manufacturers generate a byproduct called molasses, which, in turn, is used to manufacture ethanol, which can be blended with automotive fuel to reduce exhaust generation.

Beginning January 2003, the government mandated the use of 5% ethanol blend in automotive fuel through its ambitious Ethanol Blending Programme (EBP). However, the *ad hoc* suggestions announced earlier annually and that too on a delayed basis coupled with sharp cyclicality of the industry, affected the sugar industry's ability to manufacture adequate ethanol. Besides, procedural hurdles (non-issuance of export permits for the inter-state movement of ethanol, delays in issuing no-objection certificates, higher taxes and levies across different states) impeded the Ethanol Blending Programme. The government's decision to decide prices based on tenders linked with the market has recently enhanced the viability of ethanol manufacture.

Proposal

India's position as the world's second largest sugarcane producer is below par with its 2.5% blending record.

Ethanol blending of up to 5% can potentially replace more than a billion litres of imported oil. In countries like the US, ethanol blending is being blended to the extent of 11%; in Brazil the corresponding figure stands at 25%.

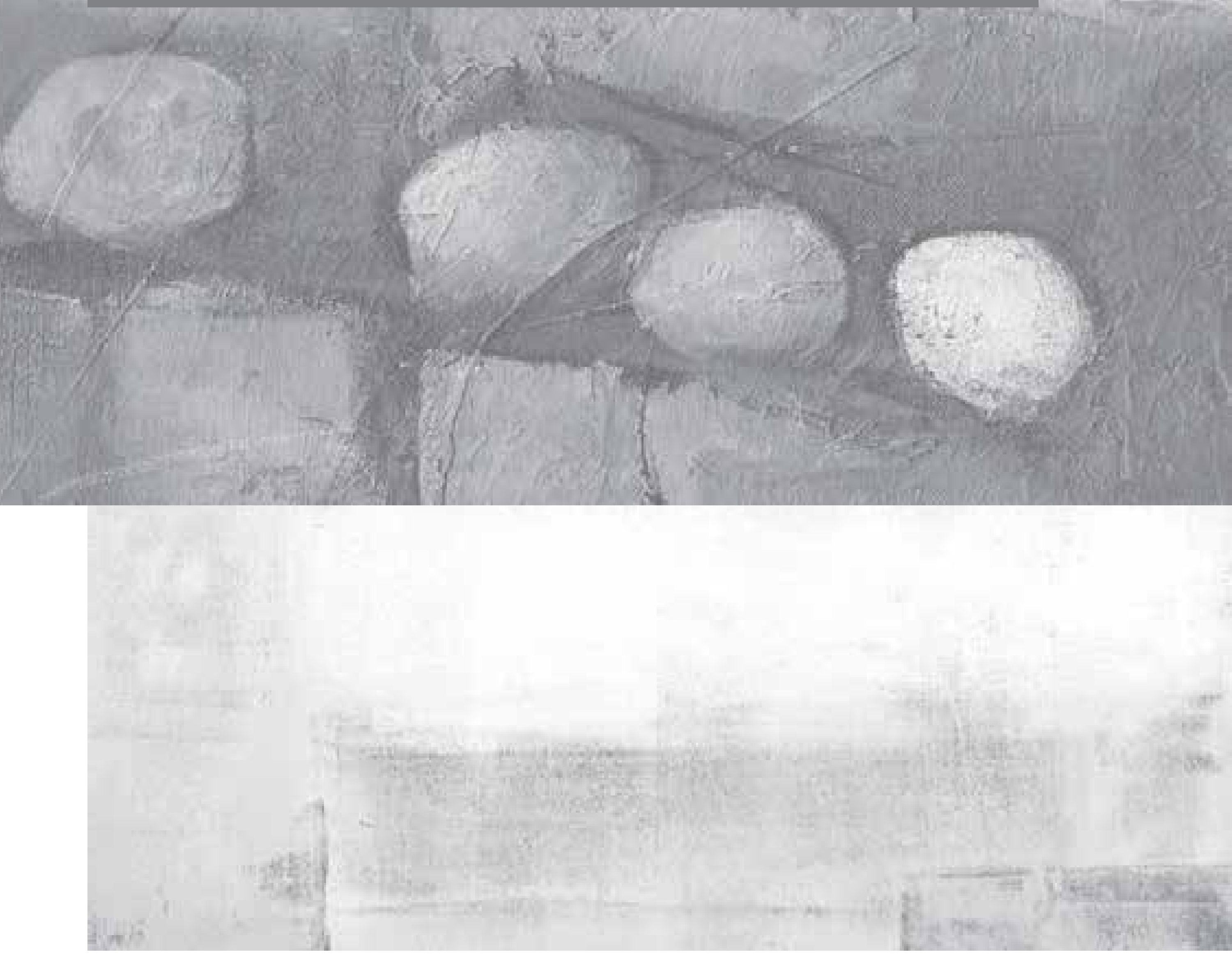
Benefits

This increased blending could moderate India's import bill by more than USD 700 million a year. Besides, increased ethanol offtake would benefit millers and in turn enhance value in the hands of farmers.

Making the farmer central to the process of finding ways to reduce pollution.

reality India often imports sugar even in times of surplus, affecting the lives of millions.

proposal There needs to be a fair and consistent import duty structure to protect the interests of millions.



Overview

India is the second largest sugar producer and the largest consumer in the world. A sugar producer of India's scale can meet the growing needs of its citizens and also address global requirements without compromising the interests of either. Besides, India is in a position to create permanent global markets that, in turn, could help strengthen the country's sugar manufacturing industry.

Reality

India imported 1.5 million tonnes of sugar in 2013-14 even as the country was passing through a surplus phase. Till April 2014, the country exported out 1.55 million tonnes which is expected to reach around 1.8-1.9 million tonnes by the end of sugar season 2013-14.

Proposal

India possesses the scale to emerge as a consistent global sugar supplier, generating sizeable revenues year-on-year. What India needs is a transparent policy that provides a clear understanding of parameters like imports, exports, duties and incentives. The Rangarajan Committee has indicated that sugar trade liberalisation can enhance sectoral investments while moderating inflation. What India needs is a trade policy open from both ends (imports and exports), with no quantitative restrictions and tariffs in place, helping protect the interests of the Indian sugar industry.

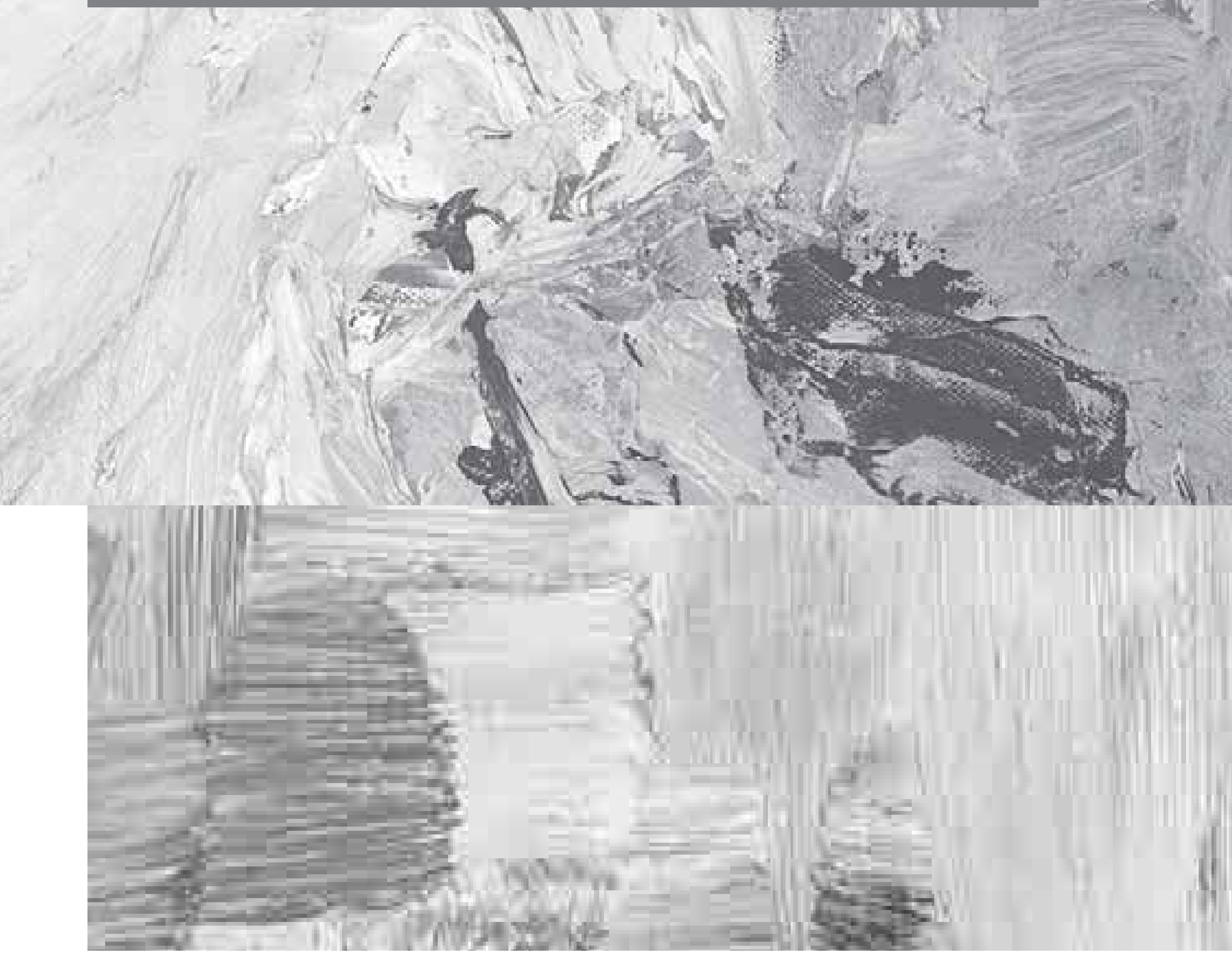
Benefits

A transparent policy will encourage millers to commission additional capacities and encourage farmers to plant more cane. In turn, this will encourage India to seamlessly export in times of surplus and import in times of anticipated shortage. India's consistent presence as a global supplier will make it possible to address the growing sugar needs of neighbouring countries. These countries, otherwise compelled to import from Brazil and other distant countries, would be able save significantly in terms of logistics. Besides, a more effective protection duty would safeguard the interests of millions of Indian farmers.

Protecting farmers, millers and consumers.

reality Around 20% of all our molasses is statutorily reserved at discounted prices for the liquor segment in Uttar Pradesh.

proposal Marketplace realities should dictate our decision of where to sell and at what price.



Overview

The health of India's sugar industry would be strengthened if the industry were empowered to market their products in line with the realities of a dynamic marketplace.

Reality

Nearly 20% of all the molasses produced by sugar manufacturers in Uttar Pradesh is consumed by the country's liquor segment. Even as there is no control exerted by the Union Government on molasses production, pricing and distribution, the allocation and movement of molasses is controlled by the State Excise Department.

The result is that in a state like Uttar Pradesh, a certain proportion of molasses (20%) is reserved for the production of country liquor and sold at least 80% lower than the market price. Besides, molasses export is not permitted (permission granted on a case-to-case basis).

Proposal

The Rangarajan Committee has recommended that there should be no quota imposed (quantitative restrictions) on mills for molasses sale and that all user industries (potable alcohol, chemicals and petroleum products) should buy molasses based on existing marketplace dynamics.

Benefits

The linking of molasses sales and realisations to the marketplace could translate into higher revenues that encourage sugar manufacturers to commission additional cane crushing capacities that generate even more molasses, kick-starting a virtuous cycle that benefits cane growers, miller and consumers.

Enhancing industry profitability, benefiting all stakeholders.

Five-year operational summary

Cane crushed

(in lac tonnes)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Balrampur	9.30	20.02	13.95	12.59	12.12
Babhnan	7.10	16.41	10.68	10.48	10.03
Tulsipur	5.11	9.51	7.00	5.72	6.02
Haidergarh	1.76	4.80	4.28	4.17	3.71
Akbarpur	4.12	11.19	8.51	8.37	7.83
Rauzagaon	3.36	9.39	7.01	7.88	6.78
Mankapur	6.01	14.61	9.26	8.62	8.61
Kumbhi	5.32	16.42	10.40	10.77	9.31
Gularia	6.24	16.09	10.33	9.06	7.23
Maizapur	-	4.70	3.21	3.39	3.38
Khalilabad	-	-	-	-	2.26
Total	**48.32**	**123.14**	**84.63**	**81.05**	**77.28**

Sugar production

(in lac tonnes)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Balrampur	0.83	1.84	1.35	1.20	1.18
Babhnan	0.65	1.56	1.01	1.00	1.00
Tulsipur	0.48	0.91	0.69	0.53	0.58
Haidergarh	0.16	0.43	0.39	0.38	0.34
Akbarpur	0.38	1.06	0.82	0.82	0.77
Rauzagaon	0.31	0.90	0.68	0.76	0.67
Mankapur	0.54	1.37	0.90	0.82	0.85
Kumbhi	0.50	1.58	1.01	1.04	0.94
Gularia	0.57	1.49	0.93	0.86	0.69
Maizapur	-	0.40	0.29	0.31	0.32
Khalilabad	-	-	-	-	0.21
Total	**4.42**	**11.54**	**8.07**	**7.72**	**7.55**

Alcohol production

(in kilolitres)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Company as a whole	48272	70860	55785	67666	77950

Power generation

(in lac Kwh)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Company as a whole	4957.54	10153.88	7393.04	7488.69	7504.99

* 18 months period;

Financial summary

Financials

(₹ in crores)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Gross sales	1771.02	3063.22	2390.31	3384.03	2758.71
Other operating income	4.54	4.18	-	-	-
Total income	**1775.56**	**3067.40**	**2390.31**	**3384.03**	**2758.71**
Stock adjustments	263.28	(1151.19)	(487.10)	108.04	(184.10)
Cost of Materials consumed	763.38	3085.26	2262.63	2410.91	2275.00
Purchase of traded goods	-	98.94	-	-	-
Excise duty	70.97	90.83	80.77	109.19	93.76
Gross profit	**677.93**	**943.56**	**534.01**	**755.89**	**574.05**
Overheads and all other expenditures	225.22	425.34	295.78	336.00	360.02
Profit from operations	**452.71**	**518.22**	**238.23**	**419.89**	**214.02**
Other income	1.69	24.03	27.74	42.80	25.94
PBDIT	**454.40**	**542.26**	**265.97**	**462.69**	**239.97**
Finance costs	96.85	148.64	147.41	143.87	117.84
PBDT	**357.55**	**393.61**	**118.56**	**318.82**	**122.12**
Depreciation and amortisation expenses	107.94	168.11	110.78	108.26	109.45
Profit before tax and extraordinary items	**249.61**	**225.50**	**7.78**	**210.56**	**12.67**
Extraordinary items	-	-	-	-	-
Pre-tax profit	**249.61**	**225.50**	**7.78**	**210.56**	**12.67**
Tax	23.10	61.09	1.16	48.53	9.03
Post-tax profit	**226.51**	**164.41**	**6.62**	**162.03**	**3.64**
Equity capital	25.68	25.63	24.43	24.43	24.48
Reserves (excluding revaluation reserve)	1149.39	1263.55	1193.50	1298.44	1193.84

Value-added statement

(₹ in crores)

	September 2009	March 2011*	March 2012	March 2013	March 2014
Income from production	1436.77	4123.58	2796.63	3166.80	2849.05
Add: Other income	6.23	28.22	27.74	42.80	25.94
Corporate output	1443.00	4151.80	2824.37	3209.60	2874.99
Less: Cost of materials consumed	763.38	3184.20#	2262.63	2410.91	2275.00
Less: Other manufacturing expenses	135.03	257.61	178.03	206.55	218.32
Equals gross value-added	544.59	709.98	383.71	592.14	381.67
Less: Depreciation and amortisation expense	107.94	168.11	110.78	108.26	109.45
Equals net value-added	436.65	541.88	272.93	483.88	272.22
Allocation of net value-added					
To personnel	90.19	167.73	117.74	129.46	141.70
To taxes (including tax on proposed dividend)	36.19	64.18	1.16	56.83	9.04
To creditors (via interest)	96.85	148.64	147.41	143.87	117.84
To investors (via dividend)	77.03	19.03	-	48.86	-
To the Company (via retained earnings)	136.39	142.29	6.62	104.86	3.64

* 18 months period;
# including purchase of traded goods

Financial ratios

Key financial ratios

Financial year	September 2009	March 2011*	March 2012	March 2013	March 2014
Overheads/Total income (%)	18.76	13.87	12.37	9.93	13.05
PBDIT/Total income (%)	25.59	17.68	11.13	13.67	8.70
Interest/Total income (%)	5.45	4.85	6.17	4.25	4.27
Interest cover (times)	4.70	3.65	1.80	3.22	2.04
PBDT/Total income (%)	20.14	12.83	4.96	9.42	4.43
Net profit/Total income (%)	12.76	5.36	0.28	4.79	0.13
Cash profit/Total income (%)	18.84	10.84	4.91	7.99	4.10
Return on net worth (%)	20.62	13.35	0.53	12.75	0.29
Return on capital employed (%)	20.11	19.93	8.19	14.72	8.24

Balance sheet ratios

Financial year	September 2009	March 2011*	March 2012	March 2013	March 2014
Debt-equity ratio	0.83	0.56	0.63	0.38	0.55
Inventory turnover (days)	71	266	305	203	277
Current ratio	2.74	1.06	1.10	0.99	1.08
Quick ratio	1.40	0.28	0.22	0.22	0.12
Asset turnover (total revenue/total assets)	0.64	0.95	0.60	0.80	0.66
Fixed asset coverage ratio	1.83	2.39	2.11	3.05	2.28
Debt service coverage ratio	1.73	0.94	0.56	0.99	0.70

* 18 months period;

Growth ratios

Financial year	September 2009	March 2011*@	March 2012*/	March 2013	March 2014
Growth in turnover (%)	13.49	73.37	16.89	41.57	(18.48)
Growth in PBDIT (%)	37.91	17.13	(26.43)	73.96	(48.14)
Growth in PAT (%)	133.44	(27.42)	(93.96)	2345.75	(97.75)
Growth in cash profit (%)	56.11	(0.58)	(47.04)	130.22	(58.16)
Growth in EPS (%)	131.59	(28.29)	(95.76)	2361.04	(97.76)

Per share data

Financial year	September 2009	March 2011*	March 2012	March 2013	March 2014
Basic EPS (₹)	8.86	6.35	0.27	6.63	0.15
CEPS (₹)	13.08	12.85	4.78	11.06	4.62
Dividend (₹)	3.00	0.75	-	2.00	-
Book value (₹)	45.75	50.30	49.85	54.15	49.76
Price/earnings (%)	13.82	11.02	212.45	6.57	375.59
Net indebtedness (₹)	37.86	28.46	31.24	20.45	27.25

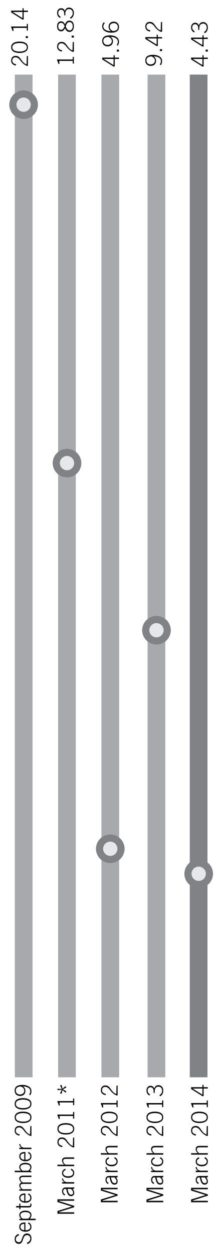
* 18 months period;

@ Not annualised

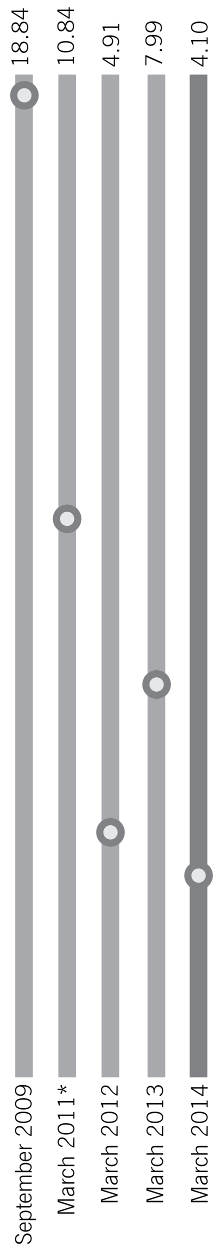
*/ After anualisation of figures of previous 18 months

Our performance

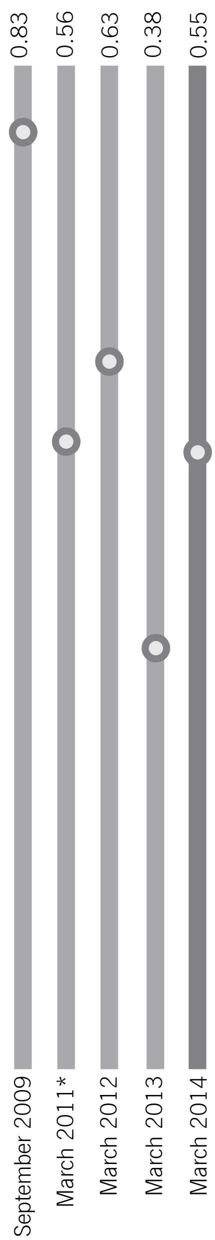
PBDT/
total income (%)



Cash profit/
total income (%)



Debt-
equity ratio

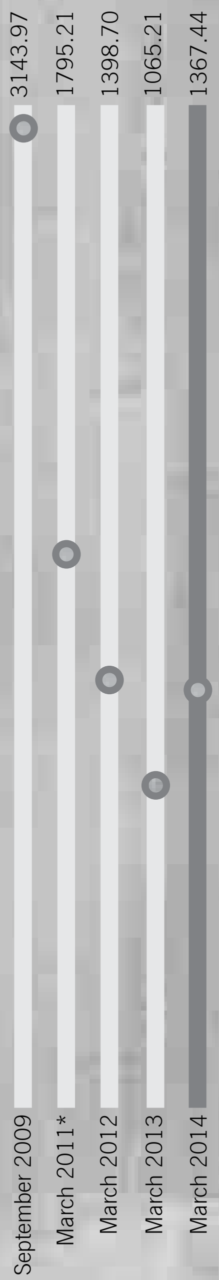


Book value (₹)

* 18 months period;

Creating shareholder value

Market Capitalisation
(₹ in crore)



* 18 months period;

Market capitalisation

The Company's market capitalisation improved from ₹1065.21 crores as on 31st March 2013 to ₹1367.44 crores as on 31st March 2014.

Total Shareholders' Return (TSR)

Total shareholders' return is the tool to measure the increase derived directly in the form of dividend and indirectly in the form of capital appreciation recorded by the stock during the financial year under review. TSR is calculated by adding the dividend to the difference between the closing and opening market capitalisation (equity shares multiplied by the closing market prices on the Stock Exchanges). During the year under review, the Company reported a TSR of 28.37%

Corporate Social Responsibility

IN BALRAMPUR CHINI WE ARE COMMITTED TO ECONOMIC, SOCIAL, ENVIRONMENTAL AND CULTURAL GROWTH OF THE UNDERPRIVILEGED IN AN EQUITABLE AND SUSTAINABLE MANNER IN THE PERIPHERAL AREAS AROUND ITS FACTORIES AND CORPORATE OFFICE. OVER THE YEARS, THE COMPANY WORKED FOR ENRICHMENT OF LIVES ACROSS THESE COMMUNITIES EMPHASISING THE POINT THAT A SENSE OF SOCIAL RESPONSIBILITY IS INHERENT TO ITS ENTREPRENEURSHIP.

Balrampur Institute of Vocational Aid (BIVA)

BIVA (registered Public Charitable Trust) is recognised and affiliated by different Central and State Government agencies. It provides specialised vocational training to the underprivileged to alleviate poverty and enhance self-reliance. Most of the training programmes conducted by BIVA are short-term and are income-oriented for the trainees enabling them to earn their livelihood. The entire programme is heavily subsidised to ensure maximum reach amongst the youth with an emphasis on women issues. The Institute is affiliated with the Khadi and Village Industries Commission (KVIC), Ministry of Micro, Small & Medium Enterprise (MSME), Government of India and empanelled under the 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.

The Institute is powered by state-of-the-art training facilities and skilled trained personnel. Trainees are provided support for opening their micro units and for their placements too. The Institute supports and assists through motivational speeches and seminars for entrepreneurs.

Some of the courses offered by BIVA are:

- Electric house wiring and motor winding,
- Two or three-wheeler repairing and maintenance,
- Telephone and mobile phone repairing,
- Computer application and DTP,
- Motor driving,
- Refrigerator and air-conditioner repairing and maintenance,
- Hair and skin care (Beautician),
- Tailoring,
- Short-term EDP Training.

Besides these, there are some other training/ development programmes which are also being organised on a need basis or affiliation basis, periodically. During the year 2013-14, BIVA offered training to about 440 aspirants. A brief of the courses conducted during the year are:

- Six month-long vocational certificate training courses viz. (a) 2/3 wheeler mechanic, (b) Telephone and mobile set repairing, (c) Electrical house wiring and motor winding affiliated to the West Bengal State Council of Vocational Education & Training, attended by 86 aspirants
- Three month-long vocational certificate training on motor driving affiliated to the Regional Transport Authority, Government of West Bengal attended by 72 aspirants
- Four month-long vocational certificate training on computer fundamental and DTP attended by 101 aspirants
- Five month-long vocational certificate training on air conditioner and refrigeration repairing and maintenance attended by 25 aspirants
- Four month-long vocational certificate training on beautician (hair and skin care) attended by18 aspirants
- Four month-long vocational certificate training on beautician (hair and skin care) at Tiljala (Park Circus) sponsored by Rotary Club of Calcutta attended by 20 aspirants
- Four month-long vocational certificate training on tailoring attended by 15 aspirants
- One month-long vocational certificate training on phenyl, washing powder, perfume, detergent among others making attended by 12 aspirants
- Twenty day-long of enterprise development programme for business development sponsored by I Create Foundation attended by 16 aspirants
- Ongoing vocational training courses viz. (a) 2/3 wheeler mechanic, (b) telephone and mobile set repairing, (c) electrical house wiring and motor winding attended by 75 aspirants

Balrampur Foundation

Balrampur Foundation (formed on 31st July, 2001) is a public charitable trust. The trust is funded mainly by Balrampur Chini Mills Ltd. The object of the trust is to provide relief to poor, education, medical relief and other charitable objects of general public utility for the upliftment of the economically disempowered section of the society. The trust has undertaken setting up and running of schools, hospitals and other charitable activities. The major activities comprises:

- **Healthcare**

Balrampur Foundation runs an ophthalmic care hospital at Balrampur, Uttar Pradesh equipped with the latest equipment with qualified doctors. The treatment is done at very nominal cost and for the underprivileged it is free-of-cost. To address blindness, the trust organises regular eye camps in remote areas of Balrampur.

The Foundation also manages a maternity hospital at Gonda, Uttar Pradesh. This hospital is providing maternitical medical facilities to the underprivileged women of the area.

The Foundation also provides financial help to the needy for treating critical diseases.

- **Education**

The Foundation runs a school at Babhnan, Gonda, U.P. to impart education to the children who hail from poverty-stricken families. The trust is also actively involved in the field of education by providing support for the construction of school buildings and donating money for the running of schools as well as to improve the facilities to impart education to the children in one of the most economically backward areas of Uttar Pradesh.

- **Sports**

The trust actively support in organising various sports tournament, namely- cricket, hockey, badminton and football among others. Apart from this, the Foundation encourages talented players who have won state or national-level awards and certifications.

- **Social and cultural activities**

Apart from health care, educational and sports activities, the Foundation also extends a helping hand via donations to various cultural and social organisations actively engaged in the field of social services, sports, education, rural development, poverty alleviation among others.

Report of the Board of Directors

for the year ended 31st March, 2014

Dear shareholders,

YOUR DIRECTORS HAVE PLEASURE IN PRESENTING THEIR REPORT AS A PART OF THE 38TH ANNUAL REPORT, ALONG WITH THE AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH 2014.

Operating and financial review

[₹ in Lacs]

Financial results	2013-14		2012-13	
Gross turnover		**275870.88**		**338403.03**
Operating profit before finance costs, depreciation and tax		23996.69		46268.04
Finance costs	11784.26		14386.70	
Depreciation and amortisation expense	10945.04		10825.74	
Tax expense	903.31	23632.61	4852.72	30065.16
Net profit		**364.08**		**16202.88**
Add : Balance brought forward from the previous year		8390.81		7904.63
Less : Debit balance of Statement of Profit and Loss of amalgamating company*		(10725.94)		-
Less : Loss of KSMPL during 2012-13*		(2616.09)		-
Profit/(Loss) available for appropriation		**(4587.14)**		**24107.51**
Appropriations:				
Dividend on equity shares (including tax on dividend ₹1.79 lacs) for previous year		(12.33)		-
Proposed dividend on equity shares		-		4886.28
Tax on proposed dividend		-		830.42
General Reserve		-		10000.00
Balance to be carried forward to next year's account		(4599.47)		8390.81
		(4599.47)		24107.51

**Khalilabad Sugar Mills Pvt. Ltd. (KSMPL) is the amalgamating company.*

Dividend

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

Operations

The operational data of the Company for the last two sugar seasons/financial years are provided as under:

Parameters	Season 2013-14	Season 2012-13	Financial year ended 31.3.14	Financial year ended 31.3.13
Sugar cane crushed (in lac Qtls)	782.43	862.63	772.80	810.52
Sugar produced (in lac Qtls)	76.53	82.33	75.52	77.18
Recovery (%)	9.78	9.54	9.77	9.52

Performance 2013-14

The Company registered a gross turnover of ₹2758.71 crores for the year ended 31st March, 2014 against ₹3384.03 crores for the year ended 2013 – a reduction of 18.48% owing to decline in sugar sales in quantity and lower realisations. Surplus sugar stocks, following the withdrawal of the release mechanism, resulted in a decline in sugar realisations to ₹28 per kg before recovering to ₹32 per kg in March 2014. As a result, the sugar segment of the Company incurred a loss of ₹242.07 crores after providing for interest and corporate overheads. However, an improved performance of the Alcohol and Power Divisions helped the Company report a marginal net profit of ₹3.64 crores against ₹162.03 crores in the previous year.

Sugar: The Company's aggregate sugar cane crushing was lower at 782.43 lac Qntls during the season 2013-14 as against 862.63 lac Qntls in 2012-13 season owing to lower availability. The Company achieved a higher recovery of 9.78% as against 9.54% in previous season. The Company initiated stringent process and quality control measures in procuring clean cane, improving varietal balance and inculcating better agricultural practices. Steps were taken to educate cane growers in modern technologies. As a result, recovery improved and this trend is likely to be sustained.

The Uttar Pradesh Government announced a State Advised Price (SAP) for sugarcane at ₹280 per quintal for season 2013-14, which was the same as in previous season. The announced cane price of ₹280 per quintal was uneconomical in the prevailing industry environment; most UP-based sugar companies were compelled to suspend crushing for season 2013-14 and commenced only after extensive deliberations between millers and the state government the following consensus was arrived at:

(i) The cane price of ₹280 per quintal would be paid to farmers in two installments. The first installment of ₹260 per quintal would be paid as per normal practice and the remaining ₹20 per quintal would be paid by the end of the season.

(ii) The Government granted concessions of ₹11.03 per quintal of cane to the millers for the season 2013-14 covering the following heads:

- Waiver of Entry Tax on sugar	-	₹2.73 per qntl.
- Waiver of cane purchase tax	-	₹2.00 per qntl.
- Waiver of Society Commission	-	₹6.30 per qntl.
Total		**₹11.03 per qntl.**

The balance amount of ₹8.97 per qntl. of cane (₹20.00 – ₹11.03) out of ₹ 20 per qntl. payable to the farmers at the end of the season, would be paid by the sugar industry and/or by the Government as per the decision of the Special Committee formed by the government under the chairmanship of the Chief Secretary. The sharing mechanism would be determined by the Committee. The Committee is expected to evolve a long-term mechanism for the determination of a fair sugar cane price.

Power: The power business of the Company performed well during the year under review. The total power generated was higher at 7504.99 lac units, as against 7488.69 lac units in the previous year. Power export to UPPCL was higher at 5474.40 lac units as against 5386.27 lac units in the previous year; the total value of power exported to the grid was

₹22860.56 lacs as against ₹21843.61 lacs in the previous year. The Company began selling REC on the exchanges from March 2014. The average realisation per unit of power increased from ₹4.05 in 2012-13 to ₹4.17 per unit in 2013-14.

Distillery: The distillery performance was credible as the Company produced 399.36 lac BL industrial alcohol, 190.66 lac BL ethanol and 189.48 lac BL ENA as against 317.62 lac BL, 185.43 lac BL and 173.61 lac BL respectively during the previous year. The average realisation (net of excise duty) per BL of industrial alcohol, ethanol and ENA was ₹32.62 as against ₹28.06 during the previous year.

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

Subsidiary company

Indo Gulf Industries Ltd (IGIL): The subsidiary reported a net loss of ₹12.74 lacs for the year ended 31st March, 2014.

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has permitted, transfer of 20% equity shares of IGIL held by the Company as well as induction of co-promoter/ strategic investor in IGIL, under a Modified Draft Rehabilitation Scheme (MDRS) to be approved by the Hon'ble BIFR

The statement under section 212(3) of the Companies Act, 1956 in respect of subsidiary company is separately annexed. In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company is not attached with the Balance Sheet of the Company. The annual accounts of the subsidiary company and the related detailed information shall be made available to members of the Company and subsidiary company seeking such information at any point of time. The annual accounts of the subsidiary company shall be kept for inspection for members at the Company's Registered Office and at the Registered Office of the subsidiary company concerned.

Cane and Sugar Policy

Season 2013-14: The salient features of the sugar policy were as under :

- The Fair & Remunerative Price (F&RP) was fixed at ₹210 per quintal linked to a basic recovery of 9.5%, subject to a premium of ₹2.10 per quintal for every 0.1% increase in recovery above that level.
- The UP government maintained the State Advised Price at ₹280 per quintal.

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 sugar season 2013-14 began with significant cane arrears. Sugar millers encountered challenges in arranging necessary funds from banks for the clearance of cane dues. The sugar business incurred a loss owing to a mismatch between a high arbitrary cane price and depressed sugar realisations. The Central Govt announced an Excise Loan Subvention Scheme under the Scheme for Extending Financial Assistance to Sugar Undertakings 2014 to address the immediate funds requirement of the millers. The objective of scheme was to provide ₹6600 crores of loans to millers through banks so that cane dues could be liquidated. This loan would be repayable over five years with a moratorium of two years. The Central Government also announced an incentive of ₹3300 per MT for the production and export of raw sugar to evacuate surplus sugar stocks. These measures, along with a perception that 2014 monsoons would be weaker on account of El Nino, strengthened sugar realisations from ₹28 per kg to ₹32 per kg in the latter part of March 2014.

The country's sugar production for 2013-14 season is expected to be around 243 Lac tonnes with domestic consumption expected to be 240 Lac tonnes. The country would export around 20 lac tonnes leading to an inventory drawdown of 17 lac tonnes. Sugar production for season 2014-15 is estimated at the same levels as 2013-14 even as a final view will emerge once the entire planting data is available and the monsoon season commences.

Global sugar prices were range-bound with a downward bias during most of 2013. Sugar production in Brazil, the largest sugar producing country, is expected to be lower in the current season owing to a prolonged dry spell. This lower production and a possible higher mix of ethanol with gasoline mandate could strengthen international sugar prices.

The governments of Maharashtra and Karnataka passed a legislation for cane price fixation around the revenue-sharing model recommended by Rangarajan Committee, which will remove the arbitrariness in cane price fixation. It is expected that the Govt of U.P. and other States will soon adopt a similar policy in the absence of which the U.P. sugar industry is likely to be at a competitive disadvantage.

The Government set up an Inter Ministerial Group of Joint Secretaries (IMG) to review the fixation of a benchmark price for the procurement of ethanol by oil marketing companies (OMCs). The IMG reviewed the matter with OMCs and decided that instead of determining the benchmark price on the basis of lowest Refining Transfer Price (RTP) for petrol during 12 months of the previous financial year, the OMCs would consider the average RTP of 12 months and this could strengthen the benchmark price by ₹4 to ₹5 per litre. The new formula is likely to be implemented for the next tender, which is expected to be floated by OMCs in July 2014 for procurement of ethanol from December 2014 to November 2015. This could strengthen ethanol realisations.

The bagasse-based power tariff is due to be reset by UPERC with effect from 1st April 2014, which could result in higher realisations of power sold to UPPCL.

These various measures could improve profitability of the Company's power and alcohol businesses and in turn enhance overall corporate margins.

Merger of Khalilabad Sugar Mills Pvt. Ltd.

Khalilabad Sugar Mills Pvt. Ltd (KSMPL) was merged with your Company pursuant to order dated 14th August, 2013 of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) sanctioning the Modified Draft Rehabilitation Scheme for the merger of KSMPL with Balrampur Chini Mills Ltd. The said Scheme came into operation from the appointed date i.e. 1st April, 2012. The Company issued and allotted 526894 equity shares of ₹1 each to the shareholders of KSMPL in the ratio of 1:20 pursuant to the said scheme. Consequently, the paid-up share capital of the Company stood increased to 244840817 equity shares of ₹1 each.

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.

Corporate Governance

As per Clause 49 of the Listing Agreement with the stock exchanges, the Management Discussion and Analysis, the Corporate Governance report and the Auditors' Certificate on the compliance of conditions of Corporate Governance, form a part of the Annual Report.

Credit rating

ICRA has lowered the credit rating to A & A1 respectively for Company's long term and short term debt.

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, 2014 under the Employee Stock Option Scheme, 2005 are set out in the Annexure to the Directors' Report.

Directors

Shri Dinesh Kumar Mittal and Shri Krishnava Dutt were appointed as Additional Director of the Company by the Board in its meeting held on 6th February, 2014. They are Independent Directors and shall hold office upto the date of ensuing Annual General Meeting of the Company and will be eligible for appointment as Independent Directors.

Shri Kishor Shah, Director cum Chief Financial Officer, retire from the Board by rotation and is eligible for re-election.

Shri Naresh Chandra, Shri Ram Kishore Choudhury, Shri Rangarajan Vasudevan and Shri R.N. Das are the Independent Directors, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act

2013, Shri Naresh Chandra, Shri Ram Kishore Choudhury, Shri Rangarajan Vasudevan and Shri R.N. Das are being eligible and offer themselves for appointment as Independent Directors for five consecutive years for a term upto 31st March 2019.

The Company received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

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, Technology Absorption and Foreign Exchange Earnings & Outgo

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 on Accounts 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, 2013.

The Cost Audit Report for the financial year ended 31st March, 2013 was filed by the Cost Auditors with respect to the Sugar, Electricity & Industrial Alcohol units of the Company on 17th September, 2013, which is within the due date of filing i.e. 30th September, 2013.

Appreciation

Your Board of Directors wish to thank and deeply acknowledge the cooperation, assistance, support extended by the Financial Institutions, Central Government, Government of U.P, State Bank of India, HDFC Bank, Punjab National Bank, shareholders, customers, dealers and other business associates received from them during the year. Your directors wish to place on record their sincere appreciation to all employees of the Company for their commitment and continued contribution to the Company.

For and on behalf of the Board of Directors

Sd/-	Sd/-
Kishor Shah	**Vivek Saraogi**
Director cum Chief Financial Officer	*Managing Director*

Place: Kolkata
Date: 12th May, 2014

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, 2014

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 & 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. Juice flow stabilisation system, fluidised bed sugar drier and sugar bag conveying system.

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

	2013 – 14	2012 – 13
1. a) Purchased (units in lacs) (excluding domestic units	4.18	2.45
Total amount (₹ lacs)	37.47	22.77
Rate per unit (₹)	8.96	9.31
b) Own generation		
i) Through Diesel Generator Sets (units in lacs)	13.06	14.52
Units per ltr. of Diesel	3.21	3.28
Cost/unit (₹)	17.06	13.63
ii) Through Steam Turbine/Generator (units in lacs)	2101.14	2141.59
Unit per quintal of bagasse cost/unit	Steam produced by use of own bagasse	
2. Coal (specify quality and where used)	Not directly consumed in production	Not directly consumed in production
Quantity (tonnes)	-do-	-do-
Total Cost (₹ in lacs)	-do-	-do-
Average rate (₹ per MT)	-do-	-do-
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)	75.52	76.81
Electricity (Units per quintal of production)	28.05	28.10
Furnace oil	Nil	Nil
Coal (tonnes per quintal of production) (specify quality – as above)	Nil	Nil
Other (specify)	Nil	Nil

B. Research and Development, Technology Absorption

Following sugarcane development activities are being carried on during the year 2013-14:

- Rearing of speed nurseries of new improved varieties for varietal replacement;
- Heat therapy to eradicate seed born diseases;
- Pest control measures to protect cane from diseases;
- 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.
- Installation of soil testing laboratory including analysis of micronutrients;

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 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

		2013-14	2012-13
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)	Nil	14.10
iv)	Total foreign exchange Used (₹ lacs)	324.06	514.44

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Kolkata	**Kishor Shah**	**Vivek Saraogi**
Date: 12th May, 2014	*Director cum Chief Financial Officer*	*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, 2014

Name	Designation, Nature of duties	Remuneration (₹)	Qualification and experience (years)	Age (years)	Date of commencement of employment	Last employer, Designation
Vivek Saraogi	Managing Director	16884374	B.Com (Hons.), (26)	48	3rd July, 1987	None
Meenakshi Saraogi	Jt. Managing Director	20435610	B.A. (31)	70	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) Appointments are contractual. 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

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

annexure to the

Directors' report

STATEMENT AS AT 31ST MARCH, 2014 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	622500	883000	995500	1280000	1464500
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: 4593000

d] Options exercised: 4225350

e] Total number of equity shares arising as a result of exercise of options: 4225350 equity shares of ₹1 each.

f] Options lapsed: 714000

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

h] Money realised on exercise of option: ₹192557590/-

i] Total no of option in force: 306150

j] **Details of option granted to**

i] Senior Managerial Personnel: Options has not been granted during the year ended 31st March, 2014.

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' – N.A.

l] 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, 2014, the employee compensation cost that shall have been recognised if the Company had used the fair value of the options and impact of this difference on profits and EPS of the Company is nil since no option is vested & exercised during the year.

The weighted average exercise price of the options and description of the method and significant assumptions used is not applicable as no option is vested and exercised during the year ended 31st March, 2014.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Kolkata	**Kishor Shah**	**Vivek Saraogi**
Date: 12th May, 2014	*Director cum Chief Financial Officer*	*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
Firm's Registration No. 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place : Kolkata
Date : 12th May 2014

Corporate Governance Report

Philosophy on code of governance

Corporate Governance refers to, but not limited to, a set of laws, regulations, good practices and systems, enabling an organisation to perform efficiently and ethically to generate long term wealth and create value for its stakeholders. Corporate Governance requires everyone to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources optimally with a prudent ethical standard. The Company recognises that good Corporate Governance is a continuous exercise.

Adherence to transparency, accountability, fairness and ethical standard are integral part of the Company's function. Your Company's structure, business dealings, administration and disclosure practices have aligned to good Corporate Governance philosophy. Your Company has an adequate system of control in place to ensure that the executive decisions taken 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, 2014, the constitution of the Board was

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

During the year ended 31st March, 2014, four board meetings were held. The Company 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	No. of Directors Present	No. of Independent Directors Present
1	10th May, 2013	8	7	4
2	31st July, 2013	8	6	2
3	31st October, 2013	8	6	3
4	6th February, 2014	10	7	4

The composition of the Board of Directors as on 31st March, 2014, 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	Category	No. of other directorships* (Public Limited Company)	No. of membership/ chairmanship on other Board committees**	No. of Board meetings attended	Attendance at last AGM
[1]	[2]	[3]	[4]	[5]	[6]
Shri Naresh Chandra (Chairman)	Independent, Non-executive	9	8	3	No
Shri Vivek Saraogi (Managing Director)	Promoter, Executive	1	–	4	Yes
Smt. Meenakshi Saraogi (Jt. Managing Director)	Promoter, Executive	–	–	4	No
Shri Ram Kishore Choudhury	Independent, Non-executive	3	–	4	No
Shri R. Vasudevan	Independent, Non-executive	4	5 (including 1 as chairman)	1	No
Shri R.N. Das	Independent, Non-executive	1	1	4	Yes
Shri D.K. Mittal (Appointed on 06.02.2014)	Independent, Non-executive	4	–	–	N.A.
Shri Krishnava Dutt (Appointed on 06.02.2014)	Independent, Non-executive	4	2 (including 1 as Chairman)	1	N.A.
Shri Kishor Shah [Director cum Chief Financial Officer]	Non-promoter, Executive	–	–	4	Yes
Dr. Arvind Krishna Saxena [Wholetime Director]	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, 1956 / 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

The Audit Committee was reconstituted in the board meeting held on 6th February, 2014.The Audit Committee acts as the link between the Statutory and the Internal Auditors and the Board of Directors. The present terms of reference of the Audit Committee includes the powers as laid out in Clause 49(II)(C) and role as stipulated in Clause 49(II)(D) of the Listing Agreement with the Stock Exchanges. The Audit Committee also reviews information as per the requirement of Clause 49(II)(E) of the Listing Agreement.

The Audit Committee also complies with the relevant provisions of the Companies Act, 2013 and act in accordance with the terms of reference specified by the Board which shall inter alia include:

(i) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.

(ii) Review and monitor the Auditor's independence and performance, and effectiveness of Audit process.

(iii) Examination of the financial statement and the Auditors' report thereon.

(iv) Approval or any subsequent modified transactions of the Company with related parties.

(v) Scrutiny of inter-corporate loans and investments.

(vi) Valuation of undertakings or assets of the Company, wherever it is necessary.

(vii) Valuation of internal financial controls and risk management systems.

(viii) Monitoring the end use of funds raised through public offers and related matters.

(ix) To establish a vigil mechanism that will provide for adequate safeguards against the victimisation of persons who use such mechanism and make provision for direct access to the chairperson of Audit Committee in appropriate or exceptional cases.

(x) To perform such other functions as prescribed under the Companies Act, 2013.

The brief description of the terms of reference of the Audit Committee in line with the Clause 49 of the Listing Agreement are:

- Overview 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.
- Recommend to the Board the appointment/removal of statutory auditors including cost auditors, nature and scope of audit, fixation of audit fee and payment for any other services rendered by the statutory/external auditors.
- Review with the management, quarterly and annual financial statements before submission to the Board.
- Review with the management, performance of statutory and internal auditors.
- Review of the adequacy and effectiveness of Internal Audit function, the Internal Control System of the Company, structure of the internal audit department, coverage and frequency of Internal Audit.
- Discussion with Internal Auditors on any significant findings and follow up thereon including reviewing the findings of internal investigations, if any.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- And, generally all items listed in Clause 49(II)(D) of the Listing Agreement.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

Composition, Meetings and Attendance

The Audit Committee of the Company comprises five Directors – four 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.

During the year ended 31st March, 2014, four Audit Committee meetings were held on 10th May, 2013, 31st July, 2013, 31st October, 2013 and 6th February, 2014.

Sl	Name of the Directors	Position	No. of meetings attended
1	Shri R. N. Das	Chairman, Independent, Non-Executive	4
2	Shri Ram Kishore Choudhury	Vice-chairman, Independent, Non-Executive	4
3	Shri Naresh Chandra (Inducted on 31.10.2013)	Member, Independent, Non-Executive	1
4	Shri Vivek Saraogi	Member, Promoter, Executive	4
5	Shri D.K. Mittal (Inducted on 06.02.2014)	Member, Independent, Non-Executive	–
6	Shri R. Vasudevan (Ceased as member on 06.02.2014)	Member, Independent, Non-Executive	1

Shri R. N. Das, Chairman attended the AGM held on 31st July, 2013 and replied to the queries related to accounts to the satisfaction of the shareholders.

Nomination and Remuneration Committee

The Remuneration Committee was reconstituted in the board meeting held on 6th February, 2014 and renamed as Nomination and Remuneration Committee.The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal and shall carry out evaluation of every director's performance. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees. It shall also carryout such other functions as may be required under the Companies Act, 2013 and Clause 49 of the listing agreement.The Nomination and Remuneration Committee comprises five Directors, all of whom are Non-Executive, Independent Directors. The members of the committee are Shri D.K. Mittal, Shri Naresh Chandra, Shri R.K. Choudhury, Shri R. Vasudevan and Shri R. N. Das. Shri D.K. Mittal is the Chairman of the Committee.

The Nomination and Remuneration Committee also administer 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, 2014, one Remuneration Committee meeting was held on 6th February, 2014. The attendance of the members at the meeting were as follows:

Sl	Name of the Directors	Position	No. of meetings attended
1	Shri D. K. Mittal (Inducted on 06.02.2014)	Chairman, Independent, Non-Executive	–
2	Shri Naresh Chandra	Member, Independent, Non-Executive	1
3	Shri R. K. Choudhury	Member, Independent, Non-Executive	1
4	Shri R. Vasudevan	Member, Independent, Non-Executive	–
5	Shri R.N. Das	Member, Independent, Non-Executive	1

Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites, bonus, exgratia, 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, among others.

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 Whole time 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 lac p.a. each in case of Managing Director, Joint Managing Director and ₹48 lac p.a. in case of Director-cum-Chief Financial Officer.

The Non-executive Directors are remunerated by way of commission and sitting fees of ₹20,000 for attending each Board of Directors meeting and committee meeting. The aggregate commission payable to the Non-Executive Directors is up to one percent of the net profit of the Company with a maximum ceiling of ₹25 lac 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, 2014:

Name of the Directors	Salary (₹)	Benefits (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Total (₹)	Service Contract/ Notice period/ Severance Fees
Shri Naresh Chandra	–	–	–	–	100000	100000	Retire by rotation
Shri Vivek Saraogi	15000000	1884374	–	–	–	16884374	Term of office valid up to 31.03.2017. No notice period and no severance fees.
Smt. Meenakshi Saraogi	15000000	5435610	–	–	–	20435610	Term of office valid up to 31.03.2017 subject to reappointment after retirement by rotation. No notice period and no severance fees.
Shri R. K. Choudhury	–	–	–	–	220000	220000	Retire by rotation
Shri R. Vasudevan	–	–	–	–	40000	40000	Retire by rotation
Shri R. N. Das	–	–	–	–	220000	220000	Retire by rotation
Shri D.K. Mittal (Appointed on 06.02.2014)	–	–	–	–	–	–	Retire by rotation
Shri Krishnava Dutt (Appointed on 06.02.2014)	–	–	–	–	20000	20000	Retire by rotation
Shri Kishor Shah	4986667	626382	–	–	–	5613049	Term of office valid up to 31.03.2016 subject to re-appointment after retirement by rotation. No notice period, no severance fees.
Dr. Arvind Krishna Saxena	1423000	418946	–	–	–	1841946	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.

CSR Committee

The Board in its meeting held on 6th February, 2014 has constituted a CSR Committee. The Composition of the CSR Committee:

Sl	Name of the Directors	Position
1	Shri Naresh Chandra	Chairman, Independent, Non-Executive
2	Shri R. Vasudevan	Member, Independent, Non-Executive
3	Shri D.K. Mittal	Member, Independent, Non-Executive
4	Shri Vivek Saraogi	Member, Promoter, Executive
5	Shri Ram Kishore Choudhury	Member, Independent, Non-Executive

CSR Committee formulate & recommend to the board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013 and shall also recommend the amount of expenditure to be incurred therein. It shall monitor the Corporate Social Responsibility Policy of the Company time to time.

Shareholders' Committee

i) Stakeholders Relationship Committee

The Shareholders'/Investors' Grievance Committee was reconstituted in the board meeting held on 6th February, 2014 and renamed as Stakeholders Relationship Committee to consider and resolve the grievances of security holders of the Company. The Stakeholders Relationship Committee shall also oversee the redressal of shareholders' and investors' grievances in relation to the transfer of shares, non-receipt of Annual Report, non-receipt of dividend, among others. The constitution of the Committee is as follows:

Shri R. K. Choudhury, Chairman, Independent Non-executive

Shri Vivek Saraogi, Member, Promoter, Executive

Shri R. N. Das, Member, Independent Non-executive

Shri Krishnava Dutt, Member, Independent Non-executive

Shri R. Vasudevan ceased as member of the Committee with effect from 06.02.2014. Shri Krishnava Dutt inducted as member of the Committee with effect from 06.02.2014

During the year ended 31st March, 2014, two Shareholders'/ Investors' Grievance Committee meeting were held on 31st July, 2013 and 6th February, 2014.

ii) 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, 2014, 17 share transfer committee meetings were held.

Compliance Officer

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

Details of shareholders' complaints received

A total of 83 number of complaints/correspondence were received and replied to the satisfaction of the shareholders during the year ended 31st March, 2014. There were no outstanding complaints as on 31st March, 2014. No share was pending for transfer as on 31st March, 2014.

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
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.
2011-12	07.08.2012	Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017	10.00 a.m.	1. Payment of Commission to Non-Executive Directors.
2012-13	31.07.2013	Vidya Mandir, 1, Moira Street, Kolkata - 700017	11.00 a.m.	1. Re-appointment including payment of remuneration to Shri Kishor Shah as Director cum Chief Financial Officer. 2. Approval to the Modified Draft Rehabilitation Scheme containing Scheme of Merger of Khalilabad Sugar Mills Pvt. Ltd. with the Company, subject to sanction of Hon'ble BIFR.

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, 2014.

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 Minimisation 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 through properly defined framework.

iv) The Company has no unlisted 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 500 equity shares of the Company as on 31st March, 2014.

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 Business Standard 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 report are accessible on the website www.corpfiling.co.in.

iv) The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like financial results, shareholding pattern, Corporate Governance report, reconciliation of Share Capital Audit etc. are filed electronically on NEAPS.

v) SEBI Complaints Redress System (SCORES):The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

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

vii) 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

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

ix) 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, 2014 at 10.30 A.M.
Venue	:	Vidya Mandir, 1, Moira Street, Kolkata – 700 017

Financial Year

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

Financial year calendar for 2014-15 (Tentative)

Results for the quarter ending 30th June, 2014
– 1st week of August, 2014

Results for the quarter ending 30th September, 2014
– 1st week of November, 2014

Results for the quarter ending 31st December, 2014
– 1st week of February, 2015

Results for the quarter ending/Annual 31st March, 2015
– 3rd week of May, 2015

Book Closure Date

31st July, 2014 to 7th August, 2014 (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) BSE 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 2013–14 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

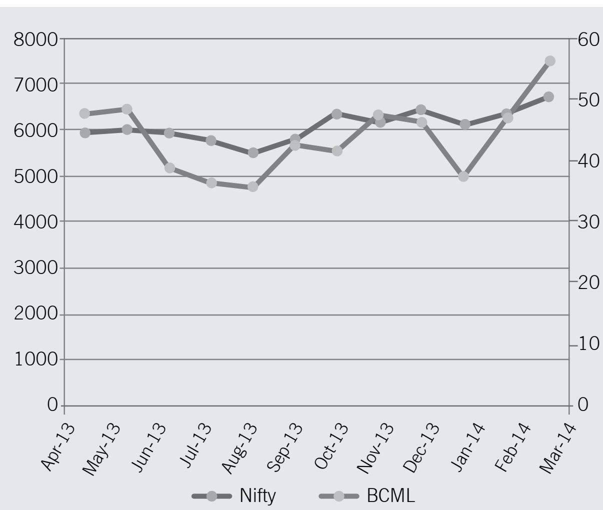
Reuters Code

NSE – BACH.NS and BSE – BACH.BO

Stock Market Data (Face value of ₹1 each)

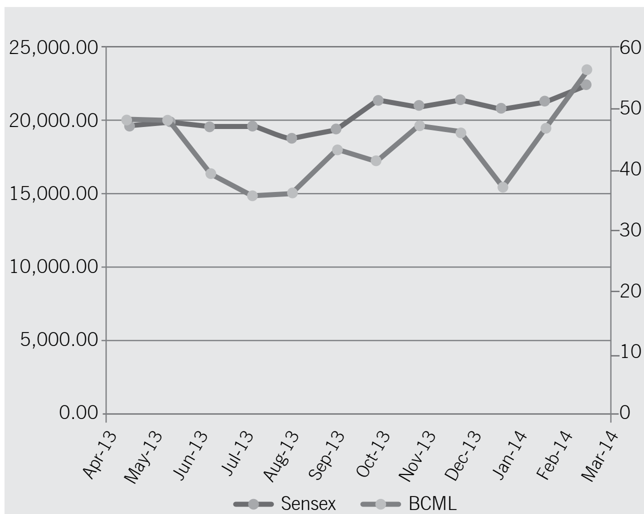
Month's	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)
April 2013	53.85	43.40	25378461	54.00	43.75	4912488
May 2013	53.75	47.05	11013204	53.75	47.00	1822995
June 2013	48.95	37.80	8665284	48.80	38.00	1701533
July 2013	43.45	35.25	9698456	43.40	35.00	3074220
August 2013	41.20	34.50	4251368	38.25	34.60	822724
September 2013	44.00	35.85	6987046	44.00	36. 05	1441446
October 2013	48.65	40.55	10342276	48.70	41.05	2520782
November 2013	51.70	41.20	17297900	51.60	41.10	3748121
December 2013	49.30	42.65	11936731	49.30	43.50	2457342
January 2014	47.00	36.25	9522019	47.00	36.25	1622817
February 2014	48.00	36.85	10148887	48.00	37.05	2500972
March 2014	57.40	46.00	12937698	57.30	45.80	5087008

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.

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.

Share Price Performance

Financial year	NSE S&P CNX NIFTY		BSE SENSEX	
	% Change in BCML share price	% Change in CNX Nifty	% Change in BCML share price	% Change in SENSEX
2013-14	+28.10%	+17.98%	+27.57%	+18.85%

Share Transfer System

At present, the share transfers which are received in physical form are normally put into effect within a maximum period of 15 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, 2014 (Face Value: ₹1 each)

Shareholding 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	93522	26551014	10.84	11824	1760418	0.72	105346	98.72	28311432	11.56
5001 – 10000	623	4559987	1.86	45	307170	0.13	668	0.63	4867157	1.99
10001 – 50000	488	10435500	4.26	26	477480	0.19	514	0.48	10912980	4.45
50001 – 100000	67	4701241	1.92	1	74820	0.03	68	0.06	4776061	1.95
100001 – 500000	80	16664275	6.81	-	-	-	80	0.07	16664275	6.81
500001 – 1000000	12	8391664	3.43	-	-	-	12	0.01	8391664	3.43
1000001 and above	28	170917248	69.81	-	-	-	28	0.03	170917248	69.81
Total	**94820**	**242220929**	**98.93**	**11896**	**2619888**	**1.07**	**106716**	**100.00**	**244840817**	**100.00**

Pattern of Shareholding as on 31st March, 2014 (Face Value: ₹1 each)

Category	No. of Shares	% of Holding
Promoters' group	99999999	40.84
Financial Institutions, Insurance Companies, Banks and Mutual Funds	35461095	14.48
Foreign Institutional Investors & Foreign Financial Institution/Banks	42765949	17.47
Private Corporate Bodies	13233731	5.41
NRIs	1231084	0.50
Trusts	71929	0.03
Clearing Members	448355	0.18
Indian Public	51628675	21.09
Total	**244840817**	**100.00**

Status of Unpaid Dividend from financial year 2007-08

Dividend for the year	Amount of dividend (₹ In lacs)	Amount of unpaid dividend as on 31.03.2014 (₹ in lacs)	% of dividend unpaid	Due date of transfer to IEPF
2007-08	1277.68	8.82	0.69%	9th March, 2016
2008-09	7752.09	40.53	0.52%	8th March, 2017
2008-09#	1.32	0.72	54.54%	1st October, 2017
2009-11*	1852.05	13.59	0.73%	30th August, 2018
2012-13	4886.28	39.22	0.80%	7th September, 2020

**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, 2014 the Company has transferred unpaid dividend (Interim) and unpaid dividend (final) for the financial year 2005-06, amounting to ₹15.22 lac and ₹31.83 lac respectively to the Investor Education and Protection Fund (IEPF) of the Central Government.

Equity Shares in Unclaimed Suspense Account

In terms of Clause 5A(II) of the Listing Agreement, the Company has dematerialised and transferred 7826 equity shares of the Company issued in physical form to 4187 shareholders and remaining unclaimed, to the 'Balrampur Chini Mills Limited - Unclaimed Suspense Account'. The details are :

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares transferred to Unclaimed Suspense Account during the year	4187	7826
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year;	3	3
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2	2
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	4185	7824

The voting rights on the shares outstanding in the suspense account as on 31st March, 2014 shall remain frozen till the rightful owner of such shares stakes his/her claim.

Dematerialisation of Shares

Around 98.93% 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, 2014.

Plant Location

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

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

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

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

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

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

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

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

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

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

Unit 11: Khalilabad (Sugar division), Dist: SantKabir Nagar, 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

The Company has now adopted non-mandatory requirement as stated herein above.

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, 2014.

Sd/-

Place: Kolkata **(Vivek Saraogi)**

Date: 12th May, 2014 *Managing Director*

CEO/CFO Certification

The Board of Directors
Balrampur Chini Mills Limited
Kolkata

Re: Financial Statements for the year ended 31st March, 2014
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, 2014 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, 2014 which, are fraudulent, illegal or violate 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, deficiencies in the design or operation of such internal controls, if any, of which, we are aware and the steps we have taken or propose to take for rectifying these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
   (a) There has been no significant changes in internal control over financial reporting during this year.
   (b) There has been no significant changes in accounting policies during this year.
   (c) There has 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.

	Sd/-	Sd/-
Place: Kolkata	**Kishor Shah**	**Vivek Saraogi**
Date: 12th May, 2014	*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, 2014, 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 of 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
Firm's Registration No. 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place : Kolkata
Date : 12th May 2014

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's interest in subsidiary company during the year ended 31st March, 2014

1	Name of the subsidiary company	Indo Gulf Industries Ltd.
2	The financial year of the subsidiary company ends on	31st March, 2014
3	Date from which it became subsidiary company	30th August, 2007
4	Holding Company's interest	5162470 Equity Shares of ₹1 each fully paid up
5	Extent of holding	53.96 %
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, 2014	(₹12.74 lac)
	ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary	(₹1852.76 lac)
B	**Dealt with in the holding Company's accounts:**	
	i) For the financial year ended 31st March, 2014	Nil
	ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary	Nil

Financial Information of Subsidiary Company

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	(703.69)	196.42	196.42	–	5.70	(12.74)	–	(12.74)	–	India

For and on behalf of the Board of Directors

	Sd/-	Sd/-	Sd/-
Place: Kolkata	**S.K. Agrawala**	**Kishor Shah**	**Vivek Saraogi**
Date: 12th May, 2014	*Company Secretary*	*Director cum Chief Financial Officer*	*Managing Director*

Management discussion and analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

INDIAN SUGAR INDUSTRY

India is the second largest producer of sugar in the world, next to Brazil. Currently, around 5.09 million hectares of land is under sugarcane in India with an average yield of around 65 tonnes per hectare.

Sugarcane production for 2013-14 is expected to marginally decline from 341.2 million MT in 2012-13 to 335.00 million MT. Uttar Pradesh, Maharashtra, Karnataka and Tamil Nadu account for nearly 80% of sugarcane production in the country.

For 2013-14, the domestic sugar production declined in Uttar Pradesh on account of excessive rains and a diversion of crop to alternative sweeteners. Sugar production in Maharashtra was affected by the previous year's drought; lower rainfall in Tamil Nadu also adversely impacted sugar production. With the domestic sugar prices on the lower side, huge debt and high cane arrears, there was a delay in the commencement of crushing due to the announcement of unviable cane prices by the Uttar Pradesh Government.

The country's sugar production for 2013-14 is expected to be around 24.3 million tonnes, as against 25.14 million tonnes in 2012-13.

Acreage

The sugarcane acreage available in the country for crushing in the sugar season 2013-14 was around 50.90 lakh hectares, almost five per cent higher than the agriculture ministry's initial estimate (48.53 lakh hectare) and around 50.6 lakh hectares in 2012-13. The adverse weather resulted in lower yield of 61.9 tonnes per hectare in 2013-14 from 66.47 tonnes per hectare in 2012-13.

Cane price

The fixing of cane prices for 2013-14 witnessed a considerable tussle between the State Governments, cane farmers and millers, which substantially delayed crushing in key states, especially in Uttar Pradesh, Maharashtra and Karnataka. The FRP for 2013-14 season saw the highest increase at 23.5% to ₹210 per quintal from ₹170 per quintal in the previous season. As far as the states are concerned, the Uttar Pradesh Government maintained the SAP for sugarcane at ₹280 per quintal for the normal variety of cane.

The State Government of Uttar Pradesh approved concessions of ₹11 per quintal and another subsidy of ₹9 per quintal is under discussion. A special committee was constituted under the chairmanship of Chief Secretary to decide on the relief of ₹9 per quintal of sugarcane price linked with end prices of sugar. In Maharashtra and Tamil Nadu, SAP for sugarcane was fixed at ₹265 per quintal and in Karnataka at ₹250 per quintal. This did not include harvesting and transportation costs in North Karnataka whereas in South Karnataka it was sold at the ex-gate price. After a prolonged tussle between the State Government, farmers and millers, Karnataka and Maharashtra formed a separate sugar control board.

Prices of byproducts such as bagasse and molasses continue a to remain remunerative driven by healthy demand from consuming sectors such as power, paper and alcohol. Higher realisations for fuel ethanol in the current financial year will result in improved returns from byproducts. Further, forward integration into distilleries and power generation continued to yield healthy returns, driven mainly by a supporting regulatory framework as well as healthy offtake and pricing for alcohol and power. A significant part of the profits of sugar mills comes from byproducts, especially in the case of forward-integrated entities. It is believed that forward integration will remain crucial for improving profitability and riding through the cyclicality of the sugar industry.

As far as the medium to long-term outlook is considered, as in the past, profitability of Indian sugar companies will remain highly cyclical and dependent on domestic and international supply-demand trends. The latter, in turn, depends on the agro climatic conditions in major producing countries and crude oil price trends, which determine the diversion of cane crop to ethanol. Consequently, price trends in international markets will be one of the key determinants of profitability. Further, government/court action in ensuring a rational linkage between cane prices and sugar prices will be a key to the long-term viability of sugar operations, especially in states under the purview of SAP. Within the sugar industry, however, players who enjoy the benefit of high operating efficiencies, forward integration and a strong capital structure will be best placed to ride out industry troughs.

Sugar consumption

The domestic consumption of sugar remained in the range of 22.5-23.5 million tonnes since 2010–11. India is the world's biggest sugar consumer; its 1.2 billion population consumes one-third more sugar than the EU and over 60% more than China. Indian sugar consumption has grown over the past decade at an annual average rate of 2.5% while Indian per capita consumption was around 20 kg, below the global average of 24 kg.

Sugar realisation

The domestic free sugar realisations, which had shown an upward trend between May 2012 to November 2012 (peaking at around ₹36000/MT), declined, falling to around ₹28000/MT by December 2013. This decline was driven by a multiplicity of factors. Post-supply pressure from new production, the announcement of the decontrol in April 2013 continued to determine sugar prices. This resulted in a large scale release of sugar by financially weak mills with large cane dues.

Moreover, competition from sugar produced by processing raw sugar (whose prices remained weak globally) continued to prevent any rally in sugar prices. During the festive season October 2013 – November 2013 prices, remained weak due to mills liquidating old stocks to clear cane arrears.

In the medium-term, sugar prices will be determined by three factors – the domestic sugar balance, the international crude oil prices, which will determine the raw sugar: ethanol mix in Brazil and finally, the Government of India's policies regarding export of sugar and import duties.

PARTIAL DECONTROL OF THE SUGAR SECTOR

Levy sugar system

One of the most positive steps in the decontrol process for both farmers and the industry was the removal of 10% 'levy sugar', which deal with supply of sugar by the sugar industry to the Public Distribution System (PDS). Levy sugar for the PDS will now be procured by state governments from the open market at prevailing market prices. This decision helped the industry to save about ₹3000 crores in the first year of policy implementation.

Monthly release mechanism

The next important decision towards deregulation was removal of the regulated release mechanism for non-levy sugar (or free sale sugar).

Each factory can now sell how much it wants in the open market, depending upon open market prices and their cash flow needs. This will also help establish transparency in market pricing, by increasing transactions on the commodity exchanges and establishing a robust futures market on which sugar can be traded and/or hedged.

Cane pricing

A key issue of having a formula linking the sugarcane price to the sugar price and its primary by-products (molasses and bagasse), as recommended by Rangarajan Committee, was not addressed in the first phase of decontrol. Linking of sugarcane prices to sugar prices is an established practice in most large sugar-manufacturing countries.

Today, there is a disconnect between sugar prices and sugarcane prices in India. It is not possible to have a low sugar price, a high cane price and a healthy industry at the same time.

The Government and the Commission of Agricultural Costs and Prices (CACP) comes out with an all-India sugarcane price called 'Fair and Remunerative Price' (FRP) every year before the start of the sugar season. This FRP is a formula-linked cane price to encourage higher productivity. However, some states want to pay their farmers more and fix a cane price over and above the Central Government-advised FRP. This is known as the State Advised Price (SAP).

A few years ago, the Union Ministry of Food proposed that if any State Government wished to give a cane price higher than the calculated Central Government cane price, it could certainly do so. The only caveat proposed was that there would be an amendment in the Sugarcane Control Order (1966) by bringing in a Clause 3B.

Clause 3B says that if the State Government announces any price for sugarcane (that is, SAP) over the Centre Government's price (that is, FRP), the State would have to pay the differential price. Unfortunately, this amendment has not been made.

Further reforms

A formula-based cane price linked to sugar price and all its primary byproducts should be promoted.

This would ensure an equal playing field across India. Having a rational sugar price and sugarcane price would be beneficial to all stakeholders i.e. farmers, consumers, government and industry, and would ensure that there are no cane price arrears to the farmers. This would reduce cyclicality of the industry and benefit farmers who can reap the benefits of a healthier sector. The decontrol of sugar sector is incomplete without addressing this fundamental issue, which is essential to its long-term viability.

The next steps could address bringing ethanol under 'declared goods' for ease in inter-state movement. Blending of ethanol with petrol has been encouraged by the Central Government, which can help save precious foreign exchange and promote greener fuel.

Reforms in the sugar sector could result in a win-win-win situation for the farmer, the miller and the consumer. In the long run, all stakeholders would benefit with a less volatile and more stable sugar industry.

Sugar industry byproducts

The sugar industry byproducts have reported some relief in the past few years. The principal byproducts derived from sugar manufacture comprise molasses, bagasse and press mud, accounting for about 40% of the crushed sugarcane by weight. An increasing number of sugar mills moved to an integrated business model that revolves around an effective utilisation of byproducts (molasses and bagasse), enhanced incomes and efficiently countering the full impact of sectoral cyclicality.

Maharashtra

The sugarcane acreage is reported to be around 9.3 lac hectare, which is almost similar to that of 2012-13. No substantial yield enhancement is expected over last year, due to larger sugarcane acreage under the ratoon crop than the usual. It is estimated that sugar recovery would be around 11.40%. Taking all parameters into consideration, the state would produce about 77.2 lac tonnes.

Uttar Pradesh

This year, Uttar Pradesh clocked an acreage of around 25.13 lakh hectare, about 3.6% higher than the last year's acreage . However, a slightly lower yield than last year on account of lesser millable sugarcane per hectare availability due to excess rains, which affected the late sown sugarcane plants this year. Therefore, a production of 64.5 lac tonnes sugar is expected from Uttar Pradesh in the sugar season 2013-14.

Karnataka

Sugar production in the state is expected to be around 41.5 lac tonnes.

However, a major decline is only expected from Tamil Nadu, which may deliver a 30% lower production of around 14 lac tonnes, as compared to last year's production of about 19.87 lac tonnes of sugar.

Global sugar scenario

Globally, there has been a situation of excess supplies leading to declining prices. World production of sugar in 2013–14 has been estimated by FAO at 180 million tonnes compared to 175.2 million tonnes in the previous year. Consequently, the international price of raw sugar declined from 416 USD/tonne to 388.01 USD/tonne in the first five months of 2013, making Indian exports less competitive and imports attractive (*Food Outlook FAO, June 2013*). The sugar sector illustrates the challenge in securing international competitiveness when raw material prices are high.

Co-generation: India is one of the largest consumers and the world's second largest producer next to Brazil. India has made impressive growth in the realm of bagasse cogeneration. Sugar production is an energy-intensive industry and requires steam as well as electricity. Bagasse is the leftover of the sugarcane after crushing and is burnt as a fuel in the boilers of sugar mills. Bagasse cogeneration has been practiced in sugar mills to meet their captive energy needs. However, supplying excess electricity to the grid has gained momentum worldwide in the last one decade. It offers several advantages such as near-zero fuel cost, increased viability of sugar mills, energy security, fuel diversity, reduced transmission or distribution losses and carbon emission reduction. In view of this the Government of India launched a programme to enhance surplus electricity generation from bagasse co-generation.

Bagasse cogeneration is a form of renewable energy and comes under the Ministry for New and Renewable Sources of Energy of Government of India. Bagasse-based co-generation potential in sugar mills is estimated at 5000 MW. Further, as per a KPMG study, this potential will be approximately 9700 MW by 2017. As per MNRE database total installed capacity of bagasse co-generation is pegged at 2393 MW as on 31st October 2013.

Ethanol: India's current account deficit remains a worry due to the growing import subsidy bill paid by the government on account of rising fuel consumption in the country owing to rising economic activity. The Indian sugar industry has explored a method to reduce foreign currency outgo at least by USD 700 million, a handsome amount from the so-called 'neglected' industry.

The industry has urged the government to implement the ethanol blending programme as mandated by the Cabinet Committee on Economic Affairs (CCEA) early this year. The CCEA mandated oil marketing companies (OMCs) to mandatorily blend at least 5% of ethanol with petrol.

Indian oil marketing companies (OMCs) contracted to buy 650 million litres of ethanol from the country's cash-strapped sugar mills for blending in an attempt to curb fossil fuel imports.

The purchases would help OMCs move towards achieving the government-mandated goal of 5% blending of ethanol in gasoline.

Ethanol prices were different in different regions, but roughly the OMCs paid around ₹35 to 37 ($0.56-$0.60) per litre ex-distillery price for the biofuel.

India has 330 distilleries, which can produce over 4 billion litres of rectified spirit (alcohol) per year in addition to 1.5 billion litres of fuel ethanol. Of this total, about 143 distilleries have the capacity to distill around 2 billion litres of ethanol per year and could meet the demand for 10% blending with gasoline.

India: Ethanol used as a fuel and other industrial chemicals

(million litres)

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Beginning stocks	483	747	1,396	1,672	1,241	1,061	757	908	582
Production	1,898	2,398	2,150	1,073	1,522	1,681	2,154	2,064	1,906
Imports	30	15	70	280	92	39	34	35	40
Exports	24	14	4	4	14	29	22	20	30
Total Consumption	1,640	1,750	1,940	1,780	1,780	1,995	2,015	2,405	2,110
Used as Fuel consumption	200	200	280	100	50	365	305	650	500
Ending stocks	747	1396	1672	1241	1061	757	908	582	388
Production capacity									
No of refineries	115	115	115	115	115	115	115	115	115
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,000
Capacity use (%)	127	160	143	72	101	112	108	103	95

Strengths

- The Indian sugar industry is the second largest producer of sugar in the world after Brazil.
- The industry pays over ₹690 billion to farmers towards the purchase of raw materials.
- Provides direct employment to over 0.5 million workers.
- Provides raw material for a number of downstream industries.
- Makes an annual contribution to the national exchequer of around ₹2500 crores by way of excise duty.
- India is the largest consumer of sugar in the world.

Challenges

- The government still controls raw material pricing apart from other regulatory measures.
- Lack of investment over the years led the industry to stick to conventional manufacturing processes.
- Soil deterioration following an overuse of fertilisers.
- Industry cyclicality.

Opportunities

- High value by-products
- Huge Potential to increase the productivity of Sugar cane by up gradaing technology.
- Lower per capita consumption has enough room for the industry to grow

Threats

- Input price control makes the industry loss-making.
- Dependence on monsoon.
- High input cost makes the industry uncompetitive.
- Industry cyclicality.

Outlook

Please refer to the Directors Report.

Segment-wise performance

Sugar

The sugar segment's revenues constituted the largest share of the Company's revenues. The segment contributed 81.57% of the Company's turnover during the year under review compared with 86.97% in 2012-13. Revenues from sugar declined 23.80% from ₹2869.21 crores in 2012-13 to ₹2186.31 crores in 2013-14.

Alcohol

Revenues from this segment contributed 9.39% of the Company's revenue during the year under review compared with 6.25% in 2012-13. Revenues from this segment increased 22.15% from ₹206.10 crores in 2012-13 to ₹251.74 crores in 2013-14.

Co-generation

Revenues from this segment contributed 8.82% of the Company's revenue during the year under review compared with 6.63% in 2012-13. Revenues from this segment increased 7.99% from ₹218.80 crores in 2012-13 to ₹236.28 crores in 2013-14.

Others

Revenues from this segment contributed 0.22% of the Company's revenue during the year under review compared with 0.15% in 2012-13. Revenues from this segment grew 17.57% from ₹5.05 crores in 2012-13 to ₹5.94 crores in 2013-14.

Segment-wise revenue @

(₹ in crore)

Products	September 2009	March 2011*	March 2012	March 2013	March 2014
Sugar	1445.64	2522.64	1950.32	2869.21	2186.31
Alcohol	131.17	159.97	147.70	206.10	251.74
Co-generation	125.60	296.48	218.86	218.80	236.28
Others	2.56	3.78	2.69	5.05	5.94
Total	**1704.97**	**2982.87**	**2319.57**	**3299.16**	**2680.27**

** 18 months period;*

@ Revenue denotes net of inter-segment sales

Finance review 2013-14

Capital structure
The equity capital of the Company increased marginally to ₹24.48 crores as on 31st March 2014 (244840817 shares of ₹1 each) from ₹24.43 crores as on 31st March 2013 (244313923 shares of ₹1 each). The increase in the equity capital was because of the shares issued to the shareholders of erstwhile Khalilabad Sugar Mills Pvt. Ltd pursuant to the scheme of Merger.

Reserves and surpluses
Reserves and surpluses of the Company decreased by 8.05% from ₹1298.62 crores as on 31st March 2013 to ₹1194.03 crores as on 31st March 2014 owing to take over of debit balance of Statement of Profit & Loss Account of erstwhile KSMPL pursuant to the scheme of merger. During the year under review, capital reserves increased by 12.5% due to aforesaid merger. Whereas capital redemption reserve, securities premium reserve and revaluation reserve remained unchanged. Free reserves for the Company stood at ₹1180.48 crores as on 31st March 2014, comprising 98.86 % of the total reserves.

Loan profile
Total long-term borrowings (including current maturities) of the Company increased by 33.52% from ₹499.63 crores as on 31st March 2013 to ₹667.09 crores as on 31st March 2014 mainly due to loans availed during the year under Interest Subvention Scheme announced by the Government of India.

Working capital borrowings amounted to ₹856.91 crores as on 31st March 2014 as compared to ₹1260.20 crores as on 31st March 2013.

Capital employed
The capital employed by the Company in the business as at 31st March 2014 stood at ₹2742.51 crores compared to ₹3082.89 crores as on 31st March 2013, a decrease of 11%. ROCE for the year stood at 8.24 % in 2013-14 against 14.72 % in 2012-13.

Gross block and depreciation
Gross block of the Company stood at ₹2662.14 crores as on 31st March 2014 as compared to ₹2531.00 crores as on 31st March 2013.The Company provided ₹109.45 crores on account of depreciation and amortisation during the year under review. Accumulated depreciation, as a percentage of gross block, stood at 42.80% during the financial year under review.

Non-current investments
Non-current investments reduced from ₹43.23 crores as on 31st March 2013 to ₹40.87 crores as on 31st March 2014 owing to sale of investments in VA Friendship Solar Park Pvt. Ltd. (associate company).

Long-term loans and advances
Long-term loans and advances increased by 7.42% from ₹66.19 crores in 2012-13 to ₹71.10.

Other non-current assets
Other non-current assets stood at the same levels of ₹171.08 crores.

Inventories
Inventories at as 31st March 2014 stood at ₹2092.29 crores as compared to ₹1886.57 crores as on 31st March 2013, an increase of 10.90%. This was mainly on account of an increase in the stock of sugar.

Trade receivables
Trade receivables decreased substantially by 64.68% from ₹181.38 crores in 2012-13 to ₹64.06 crores in 2013-14 largely owing to receipt of timely payments from UPPCL on account of a supply of power. Of the total trade receivables, only 0.44% was more than six months old.

Short-term loans and advances
Short-term loans and advances decreased substantially by 81.87% from ₹156.01 crores in 2012-13 to ₹28.29 crores in 2013-14 largely owing to the decrease in inter-corporate deposits on account of merger of Khalilabad Sugar Mills Pvt. Ltd with the Company.

Other current assets
Other current assets increased from ₹4.32 crores in 2012-13 to ₹23.38 crores in 2013-14, which was mainly on account of claims receivable from the Government.

Risk management

Industry risk
The Company can be affected due to a slowdown in the industry.

De-risking

The Company's crushing capacity stood at 79000 TCD along with distillery capacity of 320 KLPD and saleable cogeneration capacity of 148.20 MW, which makes it one of the most integrated players in the industry.

Policy risk
Government policies may not be conducive to the development of the Indian sugar industry.

De-risking

The key recommendations of the Rangarajan Committee on sugar decontrol have garnered positive responses and are in line with industry expectations. The government has already implemented a number of steps barring the cane pricing policy. The linkage of the sugarcane price with sugar realisations will bring in structural changes in the industry.

Raw material risk
High sugarcane prices may inflate raw material costs and impact profitability.

De-risking

BCML's fully integrated model, which is amongst the best in the industry, helps it to strengthen the bottomline even in unviable conditions, in comparison to its peers.

Working capital risk
External volatilities may adversely affect working capital availability and management.

De-risking

The sugar industry (along with co-generation and distillery products) is capital-intensive. In such a scenario, it is vital that the financial strength of the Company remains sound, which enables it to arrange for funds in various ways. The Company has a strong current and quick ratio of 1.08 and 0.12 respectively. The Company's long-term debt-equity ratio of 0.55 is amongst the best in the industry and places the Company in a very comfortable position to raise required finances.

Internal control and its adequacy

The Company's internal control system is aimed at proper utilisation and safeguarding of the Company's resources and promoting operational efficiency. The internal audit process reviews the in-system checks, covering significant operational areas regularly. The Company's Audit Committee is responsible for reviewing the Audit Report submitted by the Internal Auditors. Suggestions for improvements are considered and the Audit Committee follows up on the implementation of corrective actions. The Audit Committee also invites the Statutory and Internal Auditors for regular meetings to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations from time to time.

Human resources

Continuous learning represents the cornerstone of the Company's human resource policy. The Company adopted a progressive human resource policy to meet the aspirations of employees. It organised training programmes and motivated its employees to attain greater efficiency and competence, leading to effective retention. Value-centric management helped enhance loyalty. The Company provided various compensation packages and performance-based incentives. The Company is committed to provide equal employment opportunities and working conditions for attracting and retaining best available talent ensuring cosmopolitan workforce and does not make any discrimination on any basis. For protection against sexual harassment, the Company has formed an internal compliance committee to which employees can write their complaints. However, so far, no complaint has been received by the said internal compliance committee. As on 31st March 2014, the Company had a workforce comprising of 6492 employees.

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.

Independent Auditor's Report

To

The Members of

Balrampur Chini Mills Limited

Report on the financial statements

We have audited the accompanying financial statements of **BALRAMPUR CHINI MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular No. 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular No. 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
   e) on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **G.P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

Sd/-

(CA. Ajay Agrawal)

Partner

Membership No. 17643

Place: Kolkata

Date: 12th May, 2014

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 financial statements for the year ended 31st March, 2014.

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

b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

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, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax,Service Tax, Custom Duty, Excise Duty, Cess, and other statutory dues with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.

b) The disputed statutory dues aggregating to ₹740.40 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	2005-08	28.46	CESTAT - New Delhi
2	Central Excise Act, 1944	Cenvat Credit	2006-11	9.49	Commissioner (Appeals) Central Excise - Allahabad
3	Central Excise Act, 1944	Excise Duty	2003-04	1.13	Commissioner (Appeals) Central Excise - Allahabad

Annexure to the Auditor's Report (contd...)

SL No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in Lacs)	Forum (Where the dispute is pending)
4	Entry Tax Act, 2008	Entry Tax	2009-12	55.73	Hon'ble Supreme Court of India – New Delhi
5	Central Excise Act, 1944	Cenvat Credit	2006-07	0.38	Jt. Commissioner of Central Excise – Allahabad
6	Central Excise Act, 1944	Excise Duty	2003-05	82.16	Jt. Commissioner (Adj.) Central Excise - Allahabad
7	Central Excise Act, 1944	Cenvat Credit	2011-12	1.05	Superintendent Central Excise - Gonda
8	Finance Act,1994	Service Tax	2006-08	0.23	Commissioner of Central Excise – Allahabad
9	The Indian Stamp Act, 1899	Stamp Duty	2002	5.29	Hon'ble High Court - Lucknow
10	The Indian Stamp Act, 1899	Stamp Duty	2009	68.76	TAHSILDAR Rudauli, District - Faizabad
11	The Indian Stamp Act, 1899	Stamp Duty	2012	370.20	Chief Revenue Controlling authority/ Addl. Commissioner Devi Pattan - Gonda
12	The Indian Stamp Act, 1899	Stamp Duty	1997,1999 & 2008	44.50	Hon'ble High Court Allahabad - Lucknow Bench
13	The Indian Stamp Act, 1899	Stamp Duty	1992	2.54	Hon'ble High Court Allahabad - Lucknow Bench
14	The Indian Stamp Act, 1899	Stamp Duty	1994-96	31.92	Hon'ble High Court - Lucknow
15	The Indian Stamp Act, 1899	Stamp Duty	2009-10	27.45	Hon'ble High Court - Lucknow
16	U.P.Trade Tax Act, 1948	Sales Tax	1990-91	0.22	Hon'ble High Court - Lucknow
17	U.P.Trade Tax Act, 1948	Sales Tax	2002-03	0.65	Jt. Commissioner (Appeal) - Bahraich
18	Tax on Entry of Goods Act, 2007	Entry Tax	2008-12	9.16	Additional Commissioner - Gonda
19	Central Sales Tax Act, 1956	Central Sales Tax	2009-10	1.08	Dy. Commissioner - Balrampur
		Total		**740.40**	

(x) The Company does not have accumulated losses exceeding 50% of its net worth at the end of the financial year and has not incurred any cash loss during the year covered by our audit or in the immediately preceding financial year.

(xi) The Company has not defaulted in payment of dues to financial institutions or banks. The Company has not issued any debentures.

(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 investment in shares and securities 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 banks or financial institutions.

(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 investments.

(xviii) The Company has not made any preferential issue of shares.

(xix) The Company has not issued any debentures. Therefore, the provisions of clause (xix) of paragraph 4 of the order are not applicable to the Company.

(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 misstated.

For **G.P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place: Kolkata
Date: 12th May, 2014

Balance Sheet as at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2014		As at 31st March, 2013	
I. EQUITY AND LIABILITIES					
1) **Shareholders' funds**					
a) Share capital	2	2448.41		2443.14	
b) Reserves and surplus	3	119402.71	121851.12	129861.84	132304.98
2) **Non - current liabilities**					
a) Long - term borrowings	4	49109.45		22639.83	
b) Deferred tax liabilities (net)	5	26450.30		23059.94	
c) Other long - term liabilities	6	503.01		396.33	
d) Long - term provisions	7	235.42	76298.18	979.03	47075.13
3) **Current liabilities**					
a) Short - term borrowings	8	85690.58		126020.32	
b) Trade payables	9	101539.06		71200.92	
c) Other current liabilities	10	30037.88		40040.80	
d) Short - term provisions	11	302.24	217569.76	5979.22	243241.26
Total			**415719.06**		**422621.37**
II. ASSETS					
1) **Non - current assets**					
a) Fixed assets	12				
i) Tangible assets		152180.70		152039.73	
ii) Intangible assets		55.81		73.63	
iii) Capital work-in-progress	12A	30.13		510.98	
		152266.64		152624.34	
b) Non - current investments	13	4087.33		4323.49	
c) Long - term loans and advances	14	7110.03		6618.73	
d) Other non - current assets	15	17108.45	180572.45	17108.25	180674.81
2) **Current assets**					
a) Inventories	16	209228.86		188657.10	
b) Trade receivables	17	6405.67		18137.74	
c) Cash and bank balances	18	14344.36		19119.15	
d) Short - term loans and advances	19	2829.42		15600.57	
e) Other current assets	20	2338.30	235146.61	432.00	241946.56
Total			**415719.06**		**422621.37**
Significant accounting policies	1				
Other disclosures	29				
The accompanying notes 1 to 29 are an integral part of the financial statements.					

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2014		Year ended 31st March, 2013	
I. Revenue from operations (Gross)	21				
Sale of goods (Gross)		275870.88		338403.03	
Less: Excise duty		9376.45		10919.00	
Net sale of goods			266494.43		327484.03
Other operating revenue			–		–
Revenue from operations (net)			266494.43		327484.03
II. Other income	22		2594.47		4280.13
III. Total revenue (I+II)			**269088.90**		**331764.16**
IV. Expenses:					
Cost of materials consumed	23		227500.10		241090.95
Changes in inventories of finished goods, by-products and work-in-progress	24		(18410.17)		10804.50
Employee benefits expense	25		14170.17		12945.82
Finance costs	26		11784.26		14386.70
Depreciation and amortisation expense	27		10945.04		10825.74
Other expenses	28		21832.11		20654.85
Total expenses			**267821.51**		**310708.56**
V. Profit before exceptional and extra ordinary items and tax (III-IV)			**1267.39**		**21055.60**
VI. Exceptional items			–		–
VII. Profit before extraordinary items and tax (V-VI)			**1267.39**		**21055.60**
VIII. Extraordinary items			–		–
IX. Profit before tax (VII-VIII)			**1267.39**		**21055.60**
X. Tax expense					
Current tax (MAT)		360.00		4240.00	
Deferred tax		3390.36		612.72	
Tax provision for earlier years written back		(2847.05)	903.31	–	4852.72
XI. Profit for the year (IX-X)			**364.08**		**16202.88**
XII. Earnings per share (Nominal value per share ₹1/-) [Refer Note No. 29(7)]					
- Basic (₹)			0.15		6.63
- Diluted (₹)			0.15		6.63
Number of shares used in computing Earnings per share					
- Basic			244840817		244313923
- Diluted			244962929		244440797
Significant accounting policies	1				
Other disclosures	29				
The accompanying notes 1 to 29 are an integral part of the financial statements.					

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and extra ordinary items and tax		1267.39		21055.60
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :				
Finance costs	11784.26		14386.70	
Depreciation and amortisation expense	10945.04		10825.74	
Loss on sale/discard of fixed assets	618.49		162.16	
Sundry debit balances / advances written off	769.01		–	
Transfer to storage fund for molasses	19.26		23.86	
Provision for contingency	0.10		–	
Provision for doubtful debts, loans and advances	410.12		–	
Interest income	(514.14)		(1739.73)	
Exchange gain on disposal of long term investments	–		(40.38)	
Loss on sale of long term investments	3.01		–	
Gain on disposal of long term investments	–		(14.10)	
Profit on sale of fixed assets	(58.36)		(9.89)	
Unspent liabilities/balances written back	(1425.28)		(2130.67)	
Provision for doubtful debts/ advances written back	(17.25)		(2.42)	
Provision for contingency written back	–		(0.05)	
Storage fund for molasses written back	–		(12.82)	
Expense on employee stock option scheme	(3.92)		(3.74)	
Unrealised exchange rate fluctuation	527.65		497.58	
		23057.99		21942.24
Operating profit before working capital changes		**24325.38**		**42997.84**
Adjustments to reconcile operating profit to cash flow provided by changes in working capital :				
Increase in trade payables	29641.93		9698.49	
(Decrease) in other current liabilities	(1369.30)		(358.69)	
Increase/(decrease) in provision for employee benefits/wealth tax	(109.39)		37.67	
(Increase)/decrease in inventories	(17790.00)		11121.94	
(Increase)/decrease in trade receivables	11731.75		(3439.77)	
(Increase)/decrease in long-term and short-term loans & advances	699.29		(309.18)	
(Increase)/decrease in other non-current and other current assets	(1977.95)		31.01	
		20826.33		16781.47
Cash generated from operations		45151.71		59779.31
Tax refund/(expense) (excluding wealth tax)		1083.56		(4244.23)
Cash flow before exceptional and extraordinary items		**46235.27**		**55535.08**
Exceptional / extraordinary items		–		–
Net cash generated from operating activities (A)		**46235.27**		**55535.08**
B CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including intangibles)	(7714.83)		(2448.31)	
Sale of fixed assets	132.31		136.76	
Sale of shares of associate	234.14		–	
Sale of shares of Subsidiary	–		156.90	
Purchase of national savings certificates	(0.65)		(1.05)	
Proceeds from maturity of national savings certificates	0.17		0.08	
Fixed deposits placed with banks	(74.65)		(393.41)	
Fixed deposits redeemed from banks	89.04		108.43	
Loan given to a subsidiary	(7.00)		(10.25)	
Loan received back from a subsidiary	–		15.00	
Loan given to corporates/others	–		(4440.00)	
Loan received back from corporates/others	550.00		4646.00	
Interest received on loan to subsidiary company	–		4.59	
Interest received on loan to corporate/debentures /others	434.01		1464.37	
Net cash used in investing activities (B)		**(6357.46)**		**(760.89)**

Cash Flow Statement *(Contd...)*

(₹ in Lacs)

Particulars		Year ended 31st March, 2014		Year ended 31st March, 2013	
C CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long-term borrowings		41162.00		–	
Repayment of long-term borrowings		(27343.40)		(26859.87)	
Proceeds/(repayment) of short-term borrowings		(41087.71)		3898.17	
Interest expense		(11521.12)		(14061.75)	
Other borrowing costs		(172.68)		(31.88)	
Dividend paid		(4896.82)		–	
Dividend distribution tax paid		(832.21)		–	
Net cash used in financing activities	**(C)**		**(44691.94)**		**(37055.33)**
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**		**(4814.13)**		**17718.86**
Opening cash and cash equivalents			18620.65		901.79
Cash and bank balance acquired on merger [See Note No. 6 below]			47.70		–
Closing cash and cash equivalents (Refer Note No. 18)			**13854.22**		**18620.65**

Notes:

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) Finance costs is inclusive of, and additions to fixed assets are exclusive of, interest capitalised ₹61.23 lacs (previous year Nil).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Consideration for sale of shares of associate / Subsidiary Company fully discharged by means of Cash.
5) Proceeds/(repayment) from Short-term borrowings have been shown on net basis.
6) Cash and bank balance acquired on cut-off date is ₹56.27 lacs. However, the cash and bank balance of ₹47.70 lacs as on 1st April, 2013 has been considered in the Cash Flow Statement being the actual balance as on 1st April, 2013.
7) Current Investments which carry insignificant risk and are readily convertible into known amount of Cash, are considered as part of Cash and cash equivalents.
8) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
9) Cash and cash equivalents as at the Balance Sheet date consists of:

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
a) Balance with banks on current accounts		13748.63		567.40
b) Cheques on hand		–		919.47
c) Cash on hand		105.59		133.78
d) Short term, highly liquid investment in mutual funds		–		17000.00
		13854.22		**18620.65**

10) Figure in brackets represent cash outflow from respective activities.
11) As amount of Cash and cash equivalents is also available in Note No. 18, reconciliation of amount of Cash and cash equivalents as per Cash Flow Statement with the equivalent amount reported in the Balance Sheet is not required and hence not provided.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Notes forming part of the Financial Statements

Note No : 1 **Significant accounting policies**

1. **Basis of preparation of financial statements**

   The Financial Statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India.

   The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for certain tangible fixed assets which are carried at revalued amounts.

   GAAP comprises applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), other pronouncements of the Institute of Chartered Accountants of India, relevant applicable provisions of the Companies Act, 1956, Companies Act, 2013 to the extent applicable and the applicable 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. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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, liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenue and expenses 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/ materialise.

3. **Fixed assets and capital work-in-progress**

   a) Tangible fixed assets are stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.

      Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, directly attributable expenses and pre-operational expenses including finance costs, wherever applicable for bringing the assets to its working condition for its intended use.

   b) Intangible assets acquired separately which are expected to provide future enduring economic benefits are stated at their original costs less accumulated amortisation and impairment, if any.

      Cost, net of cenvat, includes acquisition price, licence fees and costs of implementation/system integration services and any directly attributable expenditure, wherever applicable for bringing the asset to its working condition and for its intended use.

   c) Expenditure during construction period: Directly attributable expenditure (including finance 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.

   d) Assets identified and technically evaluated as obsolete and have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated realisable value.

4. **Depreciation and amortisation**

   a) Depreciation on tangible fixed assets is provided on Straight Line Method in accordance with the rates and manner 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) Lease hold land in the nature of perpetual lease is not amortised. Other lease hold land are amortised over the period of the lease on straight line basis.

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

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

Note No : 1 **Significant accounting policies (contd...)**

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 provision for diminution recorded to recognise any decline, other than temporary, in the carrying value of each investment.

   Current investments are carried at lower of cost and fair value, category wise.

   Cost includes acquisition price and directly attributable acquisition charges such as brokerage, fee and duties.

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 directly attributable 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) Inventories 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.

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 and excludes sales tax/VAT, trade discounts and rebates.

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

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

   e) 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.

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

8. **Expenses**

   All the expenses are accounted for on accrual basis.

9. **Government grants**

   a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the Company would comply with the conditions attached with them and the grant/subsidy would be received.

   b) Government grants related to specific fixed assets are adjusted with the value of the fixed asset.

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

10. **Provisions, contingent liabilities and contingent assets**

    A provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable as a result of a past event, and 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 measured 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 neither recognised nor disclosed in the financial statements.

Note No : 1 **Significant accounting policies (contd...)**

11. Impairment of assets

An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value.

The Company assesses at each Balance Sheet date whether there is an indication that an asset may be impaired.

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed its recoverable value being higher of an asset's net selling price and its value in use. Value in use is computed at net 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.

The Company also assesses at each Balance Sheet date whether there is an indication that the impairment losses recognised no longer exist or have decreased. If such indication is there, then impairment losses recognised in prior years are reversed.

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.

12. Foreign currency transactions and translations

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 recognized 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.

13. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset is capitalized 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.

14. 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 using the Projected Unit Credit Method. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

15. 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 options (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 for as employee compensation cost on a straight line basis over the vesting period in accordance with the SEBI (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting of Employee Share Based Payments.

16. Taxes on income

Tax expense for the period comprises of current income tax and deferred tax.

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 realized 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 realization 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 realized.

The deferred tax for timing differences between the book and tax profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

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.

17. Derivative instruments

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.

18. 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 adopted for preparing and presenting the financial statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

a) Inter segment transfers are accounted for based on the transaction price agreed to between segments which is at cost in case of transfer of Company`s intermediate and final products and estimated realisable value in case of By-products.

b) Revenue, expenses, assets and liabilities are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on direct and/or on a reasonable basis, have been disclosed as “Unallocable”.

19. Earnings per share

Basic earnings per share are computed by dividing the net 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 are computed by dividing the net profit/(loss) after tax (including the post tax effect of 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.

20. Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss 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.

21. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, balance with banks in current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

Notes forming part of the Financial Statements

Note No : 2 **Share capital**

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	₹ in Lacs	No. of shares	₹ 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	244840817	2448.41	244313923	2443.14
		2448.41		**2443.14**
Issue of 17270 (Previous year 17270) equity shares on Right basis has been kept in abeyance in view of pending dispute.				
(c) Reconciliation of number and amount of equity shares outstanding:				
At the beginning of the year	244313923	2443.14	244313923	2443.14
Add : Shares issued to the shareholders of erstwhile Khalilabad Sugar Mills Pvt. Ltd. (KSMPL) pursuant to Scheme of Merger [Refer Note No. 29(15)]	526894	5.27	–	–
At the end of the year	**244840817**	**2448.41**	**244313923**	**2443.14**

(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) Shareholders holding more than 5% of the equity shares in the Company:

Name of the shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Life Insurance Corporation of India	19995490	8.17	19995490	8.18
Shri Vivek Saraogi	38082320	15.55	38082320	15.59
Smt. Meenakshi Saraogi	14244300	5.82	14244300	5.83

(g) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on 31st March, 2014 – 570942 equity shares (previous period of five years ended 31st March, 2013 - 44048 equity shares).

(h) The aggregate number of equity shares bought back in immediately preceding last five years ended on 31st March, 2014 - 15410135 equity shares (previous period of five years ended 31st March, 2013 - 15410135 equity shares).

(i) The Company has reserved 306150 (Previous year 316650) equity shares of par value ₹1/- each for issue at a premium of ₹44/- each to eligible employees of the Company under Employee Stock Option Scheme. All these shares are vested and are exercisable at any point of time. Refer Note No. 29(4) for terms of employee stock option scheme

Notes forming part of the Financial Statements

Note No : 3 **Reserves and surplus** (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(a) Capital reserves				
Balance as per last account	1028.22		1028.22	
Add: Acquired on merger [Refer Note No. 29(15)]	128.02	1156.24	–	1028.22
(b) Capital redemption reserve				
Balance as per last account		2654.10		2654.10
(c) Securities premium account				
Balance as per last account		51835.51		51835.51
(d) Revaluation reserve				
Balance as per last account		18.24		18.24
(e) Share options outstanding account				
Balance as per last account	106.38		110.12	
Less: Options forfeited	3.92	102.46	3.74	106.38
(f) General reserve				
Balance as per last account	65776.98		55776.98	
Add: Amalgamation reserve [Refer Note No. 29(15)]	2380.94		–	
Add: Transfer from Surplus in the Statement of Profit and Loss	–	68157.92	10000.00	65776.98
(g) Storage fund for molasses				
Balance as per last account	51.60		40.56	
Add: Acquired on merger [Refer Note No. 29(15)]	5.31		–	
Add: Transfer from KSMPL for 2012-13	1.54		–	
Add: Created during the year	19.26		23.86	
	77.71		64.42	
Less: Utilised during the year	–	77.71	12.82	51.60
(h) Surplus in the Statement of Profit and Loss				
Balance as per last account	8390.81		7904.63	
Less: Debit balance of Statement of Profit and Loss of amalgamating company [Refer Note No.29(15)]	10725.94		–	
Less: Loss of KSMPL during 2012-13 [Refer Note No. 29(15)]	2616.09		–	
	(4951.22)		7904.63	
Add: Profit for the year	364.08		16202.88	
Amount available for appropriation	(4587.14)		24107.51	
Less: Appropriations:				
Dividend on equity shares (including tax on dividend ₹1.79 lacs) for previous year	12.33		–	
Proposed dividend	–		4886.28	
Tax on proposed dividend	–		830.42	
Transfer to General reserve	–		10000.00	
Total appropriations	12.33		15716.70	
Balance as at the Balance Sheet date		(4599.47)		8390.81
		119402.71		**129861.84**

Notes:

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 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 ₹92.37 lacs (Previous year ₹59.84 lacs).

iii) During the previous year ended 31st march, 2013, Dividend @ ₹2/- per equity share was recognised as distribution to equity shareholders. The total dividend payout (including tax on dividend) amounted to ₹5716.70 lacs.

Notes forming part of the Financial Statements

Note No : 4 **Long - term borrowings** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Term loans				
From banks				
Secured				
Rupee loans:				
State Bank of India (SBI)	32500.00		5000.00	
Punjab National Bank (PNB)	5062.00		–	
HDFC Bank Ltd. (HDFC)	3600.00		–	
Yes Bank Ltd. (YBL)	–	41162.00	7500.00	12500.00
From entities other than banks				
Secured				
Rupee loans:				
Government of India, Sugar Development Fund (SDF)	6276.85		5668.66	
External commercial borrowing (ECB):				
International Finance Corporation, Washington (IFC)	1670.60	7947.45	4471.17	10139.83
		49109.45		**22639.83**

a) **Nature of securities:**

i) Rupee Term Loan from SBI, amounting to ₹17500.00 lacs under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured/ to be secured by pari passu first charge, by way of hypothecation of all the movable fixed assets, both present and future, of all the sugar units of the Company, except Khalilabad, and is to be further secured by way of pari passu first charge on immovable properties, both present and future, pertaining to all the sugar units of the Company except Khalilabad.

ii) Rupee Term Loan from SBI amounting to ₹15000.00 lacs is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's sugar and cogeneration units at Balrampur, Akbarpur and Mankapur 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. The hypothecation charge on the stocks as mentioned above ranks pari passu with PNB and HDFC for their Working capital loans.

iii) Rupee Term Loan from SBI amounting to ₹4980.00 lacs is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's sugar units at Babhnan, Tulsipur, Akbarpur and Maizapur and Distillery 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. The hypothecation charge on the stocks as mentioned above ranks pari passu with PNB and HDFC for their Working capital loans.

iv) Rupee Term Loan from PNB, under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by residual charge, by way of hypothecation of all the movables fixed assets, both present and future, pertaining to all the sugar units of the Company.

v) Rupee Term Loan from HDFC is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's distillery units at Babhnan and Mankapur.

vi) Rupee Term Loan from YBL is secured by subservient charge, by way of hypothecation of movable fixed assets (both present and future) pertaining to all sugar and cogeneration units of the Company.

vii) 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 cogeneration units at Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia, Rauzagaon and sugar unit at Khalilabad. However in respect of loan availed for Company's sugar unit at Khalilabad, security is to be substituted by Bank Gurantee from a scheduled bank or mortgage on all the immovable and movable properties of the sugar unit at Khalilabad on pari passu first charge basis.

viii) 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 cogeneration units at Haidergarh and Rauzagaon.

ix) ECB from SBI 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 cogeneration units at Kumbhi and Gularia. As the amount outstanding on 31/03/2013 was payable entirely within one year, the same was included in the line item "Current maturities of long - term debt" under the head "Other current liabilities" as at 31st March, 2013.

Note No : 4 **Long - term borrowings (contd...)**

b) Terms of repayment :

Name of the banks / entities	Rate of Interest	Amount outstanding as at 31.03.2014 Current (₹ in Lacs)	Non current (₹ in Lacs)	Period of maturity w.r.t. the Balance Sheet date	Number of installments outstanding as at 31.03.2014	Amount of each installment (₹ in Lacs)
Government of India, Sugar Development Fund	* Bank Rate (-) 2% i.e. 4% p.a.	97.39 (194.77)	– (97.39)	10 days	1	97.39
		174.90 (174.90)	– (174.90)	7 months 24 days	2	87.45
		638.88 (638.88)	638.88 (1277.76)	1 year 8 months 5 days	4	319.44
		237.66 (237.66)	356.48 (594.14)	2 years 3 months 14 days	5	118.83
		342.98 (342.98)	514.48 (857.46)	2 years 5 months 18 days	5	171.49
		– (–)	2667.01 (2667.01)	5 years 5 months 15 days	5	533.40
	# Bank Rate	300.00 (–)	2100.00 (–)	8 years	8	300.00
	Sub-total	**1791.81** (1589.19)	**6276.85** (5668.66)			
Yes Bank Ltd.	YBL Base Rate (+) 0.75%	7500.00 (10000.00)	– (7500.00)	8 months 12 days	3	2500.00
State Bank of India	SBI Base Rate (+) 2%	4980.00 (10000.00)	– (5000.00)	6 months	2	▲2500.00
State Bank of India	SBI Base Rate (+) 2%	– (–)	15000.00 (–)	4 years 6 months	7	^ 2500.00
HDFC Bank Limited	HDFC Base Rate (+) 0.90%	– (–)	3600.00 (–)	4 years 7 months 17 days	1	3600.00
State Bank of India	$ 12% p.a. (Fixed)	– (–)	17500.00 (–)	5 years	12	∞ 1458.30
Punjab National Bank	$ 12% p.a. (Fixed)	– (–)	5062.00 (–)	5 years	36	■ 140.62
International Finance Corporation, Washington @	8.19% on JPY notional	3328.22 (2976.91)	1670.60 (4471.17)	1 year 5 months 15 days	3	□ 1664.11
State Bank of India (ECB)	7.65% on fully hedged basis	– (2757.30)	– (–)	–	–	–
	Grand Total	**17600.03** (27323.40)	**49109.45** (22639.83)			

Figures in brackets pertain to previous year.

* Bank rate as prevailing on the date of disbursement.

\# Bank rate as applicable from time to time.

$ Entitled for interest subvention from Sugar Development Fund upto 12.00% p.a.

▲ Except last installment of ₹2480.00 lacs.

^ Except first two installments of ₹1250.00 lacs each.

∞ Except last four installments of ₹1458.40 lacs each.

■ Except last installment of ₹140.30 lacs.

□ Except last installment of ₹1670.60 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.

Notes forming part of the Financial Statements

Note No : 5 **Deferred tax liabilities (net)** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Deferred tax liabilities				
Depreciation		29213.23		28742.27
Less: Deferred tax assets				
Carried forward losses	162.65		2566.95	
Expenses allowable for tax purposes when paid	2600.28	2762.93	3115.38	5682.33
		26450.30		**23059.94**

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 as they relate to the same governing taxation laws.

Note No : 6 **Other long - term liabilities** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Interest accrued but not due on borrowings		503.01		396.33
		503.01		**396.33**

Note No : 7 **Long - term provisions** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Provision for employee benefits - unavailed leave		232.21		217.99
Provision for taxation	–		7614.41	
Less : Advance tax	–	–	6854.37	760.04
Provision for wealth tax	50.00		52.00	
Less : Advance wealth tax	46.79	3.21	51.00	1.00
		235.42		**979.03**

Note No : 8 **Short - term borrowings** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Loans repayable on demand				
Working capital loans				
From banks				
Secured				
State Bank of India (SBI)		54781.07		105580.44
Punjab National Bank (PNB)		10550.68		20078.00
HDFC Bank Ltd. (HDFC)		20358.83		361.88
		85690.58		**126020.32**

Nature of securities:

a) Working capital loans from SBI are secured :

i) 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 units ranking pari passu with PNB and HDFC.

ii) 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 Maizapur and further secured / to be secured by way of third charge on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's other sugar units, except Maizapur.

Notes forming part of the Financial Statements

Note No : 8 **Short - term borrowings (contd...)**

b) Working capital loans from PNB 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 units ranking pari passu with SBI and HDFC.

c) Working capital loans from HDFC 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 units ranking pari passu with SBI and PNB.

Note No : 9 **Trade payables** (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Total outstanding dues of Micro and Small Enterprises [Refer Note No. 29(3)]		18.33		18.00
Total outstanding dues of other than Micro and Small Enterprises		101520.73		71182.92
		101539.06		**71200.92**

Note No : 10 **Other current liabilities** (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Current maturities of long - term debt *		17600.03		27323.40
Interest accrued but not due on borrowings		1112.80		806.49
Unpaid dividends @		102.87		120.34
Other payables				
Payable to suppliers of capital goods				
Total outstanding dues of Micro and Small Enterprises [Refer Note No. 29(3)]	0.99		1.19	
Total outstanding dues of other than Micro and Small Enterprises	474.32		163.53	
	475.31		164.72	
Advance from customers and others	191.19		478.19	
Retention monies	243.03		151.33	
Security deposits	261.63		213.00	
Statutory liabilities #	7250.40		7692.68	
Book overdraft balances	287.05		324.33	
Unpaid salaries and other payroll dues	1893.28		2037.47	
Accrued expenses	550.23		674.35	
Others	70.06	11222.18	54.50	11790.57
		30037.88		**40040.80**

* Refer Note No. 4 (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 on closing stock (₹ in lacs)	6389.11	6099.83

Note No : 11 **Short - term provisions** (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Provision for employee benefits - unavailed leave		270.30		230.68
Other provisions				
Proposed dividend	–		4886.28	
Provision for tax on proposed dividend	–		830.42	
Provision for wealth tax	25.00		25.00	
Provision for contingencies [Refer Note No.29(2)]	6.94	31.94	6.84	5748.54
		302.24		**5979.22**

Note No : 12 **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 01.04.2013	6453.73	453.04	50015.12	189936.40	–	1796.19	2104.47	1690.34	252449.29	139.32	510.98	253099.59
Aquired on Merger	334.72	–	682.76	6476.13	–	7.23	7.89	30.97	7539.70	5.73	1.04	7546.47
Additions of amalgamating company during 2012-13	–	–	–	34.97	–	0.45	–	1.65	37.07	–	(1.04)	36.03
Additions during the year	27.94	–	643.09	7140.40	–	38.75	320.04	86.50	8256.72	0.48	7039.62	15296.82
Disposals/deductions during the year	1.39	–	216.14	1396.86	–	74.98	325.93	228.75	2244.05	–	7520.47	9764.52
Gross carrying amount as at 31.03.2014	**6815.00**	**453.04**	**51124.83**	**202191.04**	**–**	**1767.64**	**2106.47**	**1580.71**	**266038.73**	**145.53**	**30.13**	**266214.39**
Depreciation /amortisation												
Opening accumulated depreciation /amortisation	–	41.31	9931.68	86970.81	–	1049.23	1292.89	1123.64	100409.56	65.69	–	100475.25
Aquired on Merger	–	–	329.43	3354.29	–	6.62	2.48	15.16	3707.98	0.76	–	3708.74
Depreciation and amortisation of amalgamating company during 2012-13	–	–	22.18	341.97	–	0.57	0.75	3.43	368.90	1.15	–	370.05
Depreciation and amortisation for the year	–	6.04	1084.07	9529.82	–	78.12	125.70	99.45	10923.20	22.12	–	10945.32
Disposals/deductions during the year	–	–	196.00	863.58	–	62.61	245.92	183.50	1551.61	–	–	1551.61
Closing accumulated depreciation /amortisation	**–**	**47.35**	**11171.36**	**99333.31**	**–**	**1071.93**	**1175.90**	**1058.18**	**113858.03**	**89.72**	**–**	**113947.75**
Net carrying amount												
Net block as at 31.03.2014	**6815.00**	**405.69**	**39953.47**	**102857.73**	**–**	**695.71**	**930.57**	**522.53**	**152180.70**	**55.81**	**30.13**	**152266.64**

Fixed assets - Previous year (₹ 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 01.04.2012	6555.80	453.04	49865.69	188607.55	8.68	1828.14	2095.26	1629.44	251043.60	123.95	42.55	251210.10
Additions during the year	–	–	149.43	1462.63	–	30.94	227.67	93.84	1964.51	15.37	1546.72	3526.60
Inter head adjustments during the year	–	–	–	(3.40)	–	(1.69)	3.40	1.69	–	–	–	–
Disposals/deductions during the year	102.07	–	–	130.38	8.68	61.20	221.86	34.63	558.82	–	1078.29	1637.11
Gross carrying amount as at 31.03.2013	**6453.73**	**453.04**	**50015.12**	**189936.40**	**–**	**1796.19**	**2104.47**	**1690.34**	**252449.29**	**139.32**	**510.98**	**253099.59**
Depreciation /amortisation												
Opening accumulated depreciation /amortisation	–	35.28	8877.41	77575.17	5.79	1031.85	1305.65	1045.17	89876.32	42.98	–	89919.30
Depreciation and amortisation for the year	–	6.03	1054.27	9438.08	0.10	70.58	125.41	108.56	10803.03	22.71	–	10825.74
Inter head adjustments during the year	–	–	–	(0.44)	–	(0.11)	0.44	0.11	–	–	–	–
Disposals/deductions during the year	–	–	–	42.00	5.89	53.09	138.61	30.20	269.79	–	–	269.79
Closing accumulated depreciation /amortisation	**–**	**41.31**	**9931.68**	**86970.81**	**–**	**1049.23**	**1292.89**	**1123.64**	**100409.56**	**65.69**	**–**	**100475.25**
Net carrying amount												
Net block as at 31.03.2013	**6453.73**	**411.73**	**40083.44**	**102965.59**	**–**	**746.96**	**811.58**	**566.70**	**152039.73**	**73.63**	**510.98**	**152624.34**

@ Refer Note No. 12A

Notes :

1) Land, Building, Plant & Machinery, Railway siding, Tubewell 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.

2) 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 Ltd.

3) 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 year ₹ 2456.61 lacs) in favour of BNP Paribas, India for securing Swap Contract entered into in connection with hedging in respect of External commercial borrowing availed by the Company.

Notes forming part of the Financial Statements

Note No : 12 **Fixed assets** *(Contd...)* *(₹ in Lacs)*

	Year ended 31st March, 2014	Year ended 31st March, 2013
4) Depreciation /Amortisation for the year includes:		
a) Depreciation for earlier years	(4.17)	–
b) Depreciation capitalised	0.28	–
5) Amount of finance cost capitalised (Net of interest subvention ₹ 45.30 lacs - Refer Note No. 29(9))	61.23	–

Note No : 12A **Capital work-in-progress** *(₹ in Lacs)*

Particulars		As at 31st March, 2014		**As at 31st March, 2013**	
Plant and equipment / Civil work - in - progress					
Additions during the year			6843.44		1546.72
	(A)		**6843.44**		**1546.72**
Preoperative expenses/ trial run expenses					
Additions during the year					
Employee benefits expenses:					
Salaries and wages		36.08		–	
Contribution to provident and other funds		3.39		–	
Staff welfare expense		0.31	39.78	–	–
Finance costs:					
Interest		49.83		–	
Other borrowing costs		11.40	61.23	–	–
Depreciation			0.28		–
Other expenses:					
Consumption of stores and spare parts		1.17		–	
Power and fuel		93.62		–	
Insurance		5.08		–	
Rates and taxes		1.74		–	
Miscellaneous expenses		143.17	244.78	–	–
	(B)		**346.07**		**–**
Income during trial run :					
Sale of Power	(C)		149.89		–
Total additions during the year	**D= (A+B-C)**		**7039.62**		**1546.72**
Balance brought forward					
Plant and equipment/ Civil work - in- progress	(E)		510.98		42.55
	F = (D+E)		**7550.60**		**1589.27**
Capitalised during the year	(G)		7520.47		1078.29
Capital work-in-progress at the end of the year	**H= (F-G)**		**30.13**		**510.98**

Note No : 13 **Non - current investments**

Particulars	Face value	As at 31st March, 2014 No. of units	As at 31st March, 2014 ₹ in Lacs	As at 31st March, 2013 No. of units	As at 31st March, 2013 ₹ in Lacs
Long term					
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	237.15
(Sold during the year)					
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	4050000	4050.00
Total (A)			**4075.00**		**4312.15**
Other investments					
(a) Quoted (Valued at cost less provision for other than temporary diminution)					
In equity shares of a subsidiary					
Fully paid up :					
Indo Gulf Industries Ltd. *	₹1	5162470	283.27	5162470	283.27
Less: Provision for diminution in value			283.27		283.27
Total (B)			- @		- @
(b) Unquoted (Valued at cost)					
(i) 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	- @
(ii) In Post Office National Saving Certificates			11.59		10.60
(Deposited with Government authorities)					
Total (C)			**12.33**		**11.34**
Total (A+B+C)			**4087.33**		**4323.49**
Aggregate amount of quoted investments			283.27		283.27
Market value of quoted investments			* Not available		* Not available
Aggregate amount of unquoted investments			4087.33		4323.49
Aggregate provision for diminution in value of investments			283.27		283.27

$ Unsecured, non-convertible 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% for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

* Shares are suspended for Trading by the Stock Exchanges.

@ Shown as Nil due to rounding off.

Notes forming part of the Financial Statements

Note No : 14 **Long-term loans and advances** *(Unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Capital advances		220.21		555.33
Security deposits		70.57		53.80
Loan to related party				
Subsidiary company - considered doubtful	362.25		–	
Less: Provision for doubtful loan	362.25	–	–	–
Other loans and advances				
Advances to suppliers and others				
Considered doubtful	234.43		230.54	
Less: Provision for doubtful advance	234.43		230.54	
	–		–	
Advance tax	5000.27		–	
Less : Provision for taxation	4216.00		–	
	784.27		–	
MAT credit entitlement	5642.00		5642.00	
Prepaid expenses	27.72		25.19	
Duties and taxes paid under protest	365.26	6819.25	342.41	6009.60
		7110.03		**6618.73**

Note No : 15 **Other non-current assets** *(Unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Trade receivables				
Considered doubtful	99.29		96.73	
Less : Provision for doubtful debts	99.29	–	96.73	–
Interest accrued and due				
Subsidiary company - considered doubtful	41.32		–	
Less: Provision for doubtful interest	41.32	–	–	–
Fixed deposits with banks				
(Non current portion of original maturity period more than 12 months)				
For Molasses storage fund (Earmarked)	20.10		21.50	
Pledged with excise authorities	30.02	50.12	45.01	66.51
Interest accrued but not due				
Fixed deposits with banks	7.84		7.88	
National saving certificates	4.93	12.77	3.67	11.55
Claims receivable		17030.19		17030.19
Fixed assets held for disposal		15.37		–
		17108.45		**17108.25**

Notes forming part of the Financial Statements

Note No : 16 **Inventories** *(Valued at lower of cost and net realisable value, unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Raw materials		2927.64		3225.26
Packing materials		379.99		460.41
Work-in-progress				
Sugar	2798.43		3271.08	
Molasses	174.41		217.16	
Organic manure	30.90	3003.74	51.61	3539.85
Finished goods				
Sugar	189841.07		168009.14	
Industrial alcohol	2627.16		2162.74	
Banked power	79.60		58.29	
Organic manure	72.23	192620.06	18.88	170249.05
Stores and spares	4700.86		5061.90	
Add : Goods-in-transit	165.01	4865.87	115.47	5177.37
Loose tools		340.77		359.10
Crop/ Standing crop *		12.59		12.45
By-products *		5078.20		5633.61
		209228.86		**188657.10**

* Valued at net realisable value.

Note No : 17 **Trade receivables** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Outstanding for a period exceeding six months from due date		28.38		51.83
Others		6377.29		18085.91
		6405.67		**18137.74**

Note No : 18 **Cash and bank balances** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Cash and cash equivalents				
Balances with banks				
On current accounts	13748.63		567.40	
Cheques on hand	–		919.47	
Cash on hand	105.59		133.78	
Short term, highly liquid investments in mutual funds	–	13854.22	17000.00	18620.65
Other bank balances				
Earmarked balances				
Fixed deposits for molasses storage fund				
Current portion of original maturity period more than 12 months	16.06		3.60	
Original maturity period upto 12 months	56.21		34.74	
	72.27		38.34	
Unpaid dividend accounts	102.87	175.14	120.34	158.68
Fixed deposits pledged with excise authorities and bank/deposited with a Government undertaking				
Current portion of original maturity period more than 12 months	15.00		5.00	
Original maturity period upto 12 months *	300.00	315.00	334.26	339.26
Balances with post office		–		0.56
		14344.36		**19119.15**
* Includes under lien with bank for swap contract (₹ in lacs)		300.00		300.00

Notes forming part of the Financial Statements

Note No : 19 **Short-term loans and advances** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Loan to related party				
Subsidiary company		–		355.25
Security deposits		44.69		140.61
Other loans and advances				
Intercorporate deposits	920.00		12370.00	
Advances to suppliers and others	931.96		1561.90	
Cenvat, Vat and other taxes/duties	590.35		874.04	
Prepaid expenses	342.42	2784.73	298.77	15104.71
		2829.42		**15600.57**

Note No : 20 **Other current assets** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Interest accrued but not due on				
Debentures	–		182.25	
Inter corporate deposits *	310.62		229.34	
Fixed deposits with banks	9.34		10.92	
Others	2.79	322.75	2.19	424.70
Claims receivable		2015.55		7.30
		2338.30		**432.00**
* Includes due from subsidiary (₹ in lacs)		–		41.32

Notes forming part of the Financial Statements

Note No : 21 **Revenue from operations** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Sale of goods (Gross)				
Sugar	220974.47		290047.62	
Industrial alcohol	26950.06		19892.67	
Power	22860.55		21843.61	
Organic manure	584.51		491.34	
Molasses	2882.97		5289.39	
Renewable energy certificates	462.78		–	
Others	1155.54	275870.88	838.40	338403.03
Other operating revenue		–		–
Revenue from operations (Gross)		**275870.88**		**338403.03**
Less : Excise duty on sale of goods		9376.45		10919.00
Revenue from operations (net)		**266494.43**		**327484.03**

Note No : 22 **Other income** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest income				
Long term investments				
Debentures	202.50		202.50	
National saving certificates	1.12		1.01	
	203.62		203.51	
Loan to a subsidiary company	–		45.91	
Inter corporate deposits	136.22		1450.80	
Fixed deposits with banks	33.67		32.82	
Income tax refund	140.03		6.13	
Others	16.55	530.09	7.42	1746.59
Gain on disposal of long term investments		–		14.10
Net gain on sale of highly liquid investments (treated as cash equivalent)		98.98		70.08
Other non-operating income				
Insurance claims	307.04		134.25	
Profit on sale of fixed assets	58.36		9.89	
Unspent liabilities/balances written back	1425.28		2130.67	
Provisions for doubtful debts/ advances written back	17.25		2.42	
Provision for contingency written back	–		0.05	
Storage fund for molasses written back	–		12.82	
Profit from farm accounts [Refer Note No.29(6)]	2.86		7.87	
Miscellaneous	154.61	1965.40	151.39	2449.36
		2594.47		**4280.13**

Note No : 23 **Cost of material consumed** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Sugar cane		223810.10		237843.23
Molasses		1970.20		1412.22
Bagasse		1460.34		1602.38
Pressmud		37.05		34.90
Others		222.41		198.22
		227500.10		**241090.95**

Notes forming part of the Financial Statements

Note No : 24 **Changes in inventories of finished goods, by-products and work-in-progress** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Finished goods				
Opening stock				
Sugar	168009.14		181631.37	
Industrial alcohol	2162.74		2053.66	
Banked power	58.29		73.27	
Organic manure	18.88	170249.05	43.56	183801.86
Add: Aquired on merger [Refer Note No.29(15)]				
Sugar		2556.38		–
Less : Closing stock				
Sugar	189841.07		168009.14	
Industrial alcohol	2627.16		2162.74	
Banked power	79.60		58.29	
Organic manure	72.23	192620.06	18.88	170249.05
Total (A)		**(19814.63)**		**13552.81**
By-products				
Opening stock		5633.61		6241.98
Add: Aquired on merger [Refer Note No.29(15)]		118.38		–
Less : Closing stock		5078.20		5633.61
Total (B)		**673.79**		**608.37**
Work- in-progress				
Opening stock				
Sugar	3271.08		1278.87	
Molasses	217.16		58.19	
Organic manure	51.61	3539.85	37.66	1374.72
Add: Aquired on merger [Refer Note No.29(15)]				
Sugar	6.21		–	
Molasses	0.15	6.36	–	–
Less : Closing stock				
Sugar	2798.43		3271.08	
Molasses	174.41		217.16	
Organic manure	30.90	3003.74	51.61	3539.85
Total (C)		**542.47**		**(2165.13)**
Total (A+B+C)		**(18598.37)**		**11996.05**
Less : Excise duty on stock *		(188.20)		1191.55
		(18410.17)		**10804.50**

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

Note No : 25 **Employee benefits expenses** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Salaries and wages		12263.77		11298.83
Contribution to provident and other funds		1608.41		1356.13
Employee stock option expense		(3.92)		(3.74)
Staff welfare expense		301.91		294.60
		14170.17		**12945.82**

Note No : 26 **Finance costs** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest expense				
On long term borrowings	3417.79		6808.34	
On short term borrowings	8179.81		7513.44	
Others *	25.38	11622.98	33.04	14354.82
Other borrowing costs		161.28		31.88
		11784.26		**14386.70**
* Includes interest for shortfall in payment of advance income-tax (₹ in lacs)		16.00		–

Notes forming part of the Financial Statements

Note No : 27 **Depreciation and amortisation expenses** *(₹ in Lacs)*

Particulars		Year ended 31st March, 2014		Year ended 31st March, 2013
Depreciation and amortisation of tangible assets *		10922.92		10803.03
Amortisation of intangible assets *		22.12		22.71
		10945.04		**10825.74**

* Refer Note No.12

Note No : 28 **Other expenses** *(₹ in Lacs)*

Particulars		Year ended 31st March, 2014		Year ended 31st March, 2013
Consumption of stores and spare parts		2228.56		2118.39
Packing materials		3709.78		4345.11
Power and fuel		469.37		453.25
Rent		55.96		51.18
Repairs				
Buildings	279.69		314.62	
Machinery	4526.64		4606.04	
Others	282.20	5088.53	314.67	5235.33
Insurance		424.32		351.70
Rates and taxes (excluding taxes on income)		256.44		196.62
Commission to non-whole time directors		–		25.00
Payments to auditor				
As auditor for statutory audit	25.00		25.00	
For tax audit	9.00		9.00	
For management services	–		4.40	
For other services (Limited reviews & certifications)	12.74		10.39	
For reimbursement of expenses	4.47	51.21	2.52	51.31
Cost audit fees		3.50		3.00
Net loss on foreign currency transactions and translations		1027.60		685.90
Charity and donation		137.32		427.54
Directors' fees		6.00		5.30
Miscellaneous expenses		6548.47		6518.76
Loss on sale/discard of fixed assets		618.49		162.16
Sundry debit balances/advances written off		769.01		–
Transfer to storage fund for molasses		19.26		23.86
Provision for doubtful debts, loans and advances		410.12		–
Provision for contingency		0.10		–
Loss on sale of long term investment		3.01		–
Loss from dealing in commodity		2.09		–
Prior period expenses *		2.97		0.44
		21832.11		**20654.85**
* Includes				
Cost of material consumed		0.66		–
Power & fuel		–		0.32
Rent		–		0.09
Repairs (Machinery)		0.02		–
Miscellaneous expenses		2.29		0.03
		2.97		**0.44**

Notes forming part of the Financial Statements

Note No : 29 **Other disclosures**

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

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Contingent liabilities :		
i) Claims against the Company not acknowledged as debts :		
a) Excise duty demand - under appeal	311.37	347.42
b) Sales tax demand - under appeal	11.10	10.02
c) Others - under appeal/litigation	863.53	813.78
	1186.00	**1171.22**
ii) Claims for acquisition of 1.99 acres of land for the Distillery 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 reimbursement in respect of 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	570.34	2945.98
ii) Advance paid against above	220.21	555.33

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, 2013	6.31	0.53	6.84
Provided during the year	–	0.10	0.10
Amount used during the year	–	–	–
Reversed during the year	–	–	–
Balance as at 31st March, 2014	**6.31**	**0.63**	**6.94**
Balance as at 1st April, 2012	6.31	0.58	6.89
Provided during the year	–	–	–
Amount used during the year	–	–	–
Reversed during the year	–	0.05	0.05
Balance as at 31st March, 2013	**6.31**	**0.53**	**6.84**

Other provisions for contingencies as referred to above represent 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/uncertainities relating to the utilisation /reversal 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 reimbursements in respect of the above provisions.

Note No : 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.	Description	2013-14	2012-13
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	16.52	18.54
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.36	0.06
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	0.65	0.08
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	2.44	0.59
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year*	2.80	0.65
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	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Note No. 9 and 10.

4. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. The details of Options granted, lapsed and exercised as at 31st March, 2014 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 31.03.2013	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 31.03.2013	447500	653500	821000	1157000	1146350	4225350
Number of Options lapsed upto 31.03.2013	162000	210000	139500	81000	111000	703500
Number of Options outstanding on 01.04.2013	13000	19500	35000	42000	207150	316650
Number of Options granted during the year	–	–	–	–	–	–
Number of Options exercised during the year	–	–	–	–	–	–
Number of Options lapsed during the year	–	–	–	–	10500	10500
Number of Options outstanding on 31.03.2014	13000	19500	35000	42000	196650	306150

Note : Refer Director's Report for other disclosures.

5. 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.

Note No : 29 **Other disclosures** *(Contd...)*

6. **Details of Profit from Farm Accounts :**

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Income		
Sales	32.85	41.82
Rent	–	0.10
Closing stock of crop/standing crop	12.59	12.45
	45.44	**54.37**
Expenses		
Opening stock of standing crop	12.45	18.07
Cane seeds purchase	3.36	3.26
Fertilisers and manures	7.14	4.04
Salaries and wages	7.70	7.53
Power and fuel	1.68	2.45
Rent	–	0.66
Irrigation and cultivation expenses	7.65	7.54
Repairs - others	1.14	1.67
Miscellaneous expenses	1.46	1.28
	42.58	**46.50**
Profit from Farm Accounts	**2.86**	**7.87**

7. **Earnings per Share - The numerators and denominators used to calculate Basic / Diluted Earnings per Share :**

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Amount used as the numerator (₹ in lacs)		
Profit after Tax - (A)	**364.08**	**16202.88**
b) Weighted average number of Equity Shares outstanding used as the denominator for computing Basic Earnings per Share - (B)	244840817	244313923
Add : Weighted average number of Equity Shares on account of Employee Stock Option Scheme	122112	126874
c) Weighted average number of Equity Shares outstanding used as the denominator for computing Diluted Earnings per Share - (C)	244962929	244440797
d) Nominal value of Equity Shares (₹)	1.00	1.00
e) Basic Earnings per Share (₹) (A/B)	0.15	6.63
f) Diluted Earnings per Share (₹) (A/C)	0.15	6.63

8. Under the New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh, the Company had accounted for recoverable incentives aggregating to ₹ 16900.57 lacs and had availed remissions in respect of Entry Tax on Sugar, Administrative Charges on Molasses, Trade Tax on Molasses and Cane Purchase Tax aggregating ₹ 8267.19 lacs till 31st March, 2012.

The above policy was terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007. 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 final hearing of which is yet to be completed. As an interim measure, the Order permits limited protection of remission of taxes.

Accordingly, during the year, the Company has accounted for only remissions of taxes of ₹ 825.35 lacs (Previous year ₹ 2373.70 lacs). Eligible reimbursements of ₹ 2429.72 lacs for the year (Previous year ₹ 4505.98 lacs) will be accounted for in accordance with the final order of the Hon'ble High Court.

Even though the Company's aforesaid writ petition is pending in Hon'ble Allahabad High Court, in the assessment of Entry Tax on Sugar and Trade Tax on Molasses for the years 2008-09, 2009-10 and 2010-11, a sum of ₹ 992.22 lacs and ₹177.67 lacs respectively aggregating to ₹1169.89 lacs has been determined by the assessing officer as Company's liability for two of its units namely Kumbhi and Gularia though these units are also eligible under the aforesaid incentive scheme. However, no demand has been raised on the Company by the assessing officer in view of limited protection of remission of taxes granted by Hon'ble High Court as aforesaid. Based on the same, the Company neither considers the aforesaid amount of ₹1169.89 lacs as a liability or a contingent liability.

Note No : 29 **Other disclosures** *(Contd...)*

9. The Company is eligible to receive Government grants by way of reimbursement of society commission and interest subvention on certain term loans. Accordingly, the company has recognised these Government grants in the following manner:

(₹ in Lacs)

Sl. No.	Particulars	Treatment in Accounts	2013-14	2012-13
i)	Society commission	Deducted from cost of material consumed	4450.93	–
ii)	Interest on term loan	Deducted from interest expense on long term borrowings	60.81	–
		Deducted from the respective capital expenditure	45.30	–
			4557.04	–

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, 2014	Year ended 31st March, 2013
Employer's Contribution to Provident Fund	578.51	512.15
Employer's 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 ₹11.63 lacs (Previous year ₹8.99 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)

	2013-14		2012-13	
Particulars	Gratuity	Provident Fund	Gratuity	Provident Fund
I. Components of Employer Expense :				
1 Current Service Cost	241.26	138.99	206.70	137.48
2 Past Service Cost	–	–	–	–
3 Interest Cost	230.55	259.57	195.85	220.21
4 Expected return on Plan Assets	244.11	238.80	192.99	205.09
5 Actuarial (Gain) /Loss recognised in the year	322.08	55.54	88.35	35.91
6 Expense recognised in the Statement of Profit and Loss	549.78	215.30	297.91	188.51

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Particulars	2013-14 Gratuity	2013-14 Provident Fund	2012-13 Gratuity	2012-13 Provident Fund
II. Change in Present Value of Defined Benefit Obligation :				
1 Present value of Defined Benefit Obligation at the beginning of the year	2789.78	2928.90	2412.35	2526.57
2 Acquisition Adjustment	154.34	–	–	6.22
3 Interest Cost	230.55	259.57	195.85	220.21
4 Past Service Cost	–	–	–	–
5 Current Service Cost	241.26	138.99	206.70	137.48
6 Employees Contribution	–	149.48	–	149.35
7 Benefits Paid	309.80	213.14	216.57	158.67
8 Actuarial (Gain) / Loss	114.06	68.58	191.45	47.74
9 Present value of Defined Benefit Obligation at the end of the year	3220.19	3332.38	2789.78	2928.90
III. Change in Fair Value of Plan Assets during the year :				
1 Plan Assets at the beginning of the year	2789.78	2877.08	2412.35	2525.77
2 Acquisition Adjustment	–	4.87	–	6.22
3 Expected return on Plan Assets	244.11	238.80	192.99	205.09
4 Contributions paid	549.78	288.47	297.91	286.83
5 Benefits paid	309.80	213.14	216.57	158.67
6 Actuarial Gain / (Loss)	(53.68)	13.04	103.10	11.84
7 Plan Assets at the end of the year	3220.19	3209.12	2789.78	2877.08
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end:				
1 Present value of Defined Benefit Obligation	3220.19	3332.38	2789.78	2928.90
2 Fair value of Plan Assets	3220.19	3209.12	2789.78	2877.08
3 Funded Status [Surplus/(Deficit)]	–	(123.26)	–	(51.82)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(123.26)	–	(51.82)
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	8.75	8.75	8.50	8.50
2 Expected return on Plan Assets (per annum) %	8.75	8.30	8.00	8.12
3 Expected Rate of Salary increase %	5.50	5.50	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60	60	60
5 Mortality Rates	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	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	81%	–	79%	–
2 Public Financial Institutions / Public Sector Companies bonds	8%	42%	8%	44%
3 Central / State Government Securities	10%	47%	12%	46%
4 Private sector bonds	–	11%	–	10%
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	435.00	152.00	374.85	151.00

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.

Note No : 29 **Other disclosures** *(Contd...)*

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

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 30th September, 2009
Gratuity					
Present value of defined benefit obligation	3220.19	2789.78	2412.35	2202.78	1691.56
Fair value of plan assets	3220.19	2789.78	2412.35	2202.78	1601.90
(Deficit)/Surplus	–	–	–	–	(89.66)
Experience adjustments of plan assets Gain/(Loss)	(53.68)	103.10	(99.37)	(21.92)	(23.16)
Experience adjustments of Obligation (Gain)/Loss	114.06	191.45	2.36	183.64	43.75
Provident Fund					
Present value of defined benefit obligation	3332.38	2928.90	2526.57	2199.02	1887.79
Fair value of plan assets	3209.12	2877.08	2525.77	2152.92	1881.25
(Deficit)/Surplus	(123.26)	(51.82)	(0.80)	(46.10)	(6.54)
Experience adjustments of plan assets Gain/(Loss)	13.04	11.84	(3.85)	111.32	(6.46)
Experience adjustments of Obligation (Gain)/Loss	68.58	47.74	(44.36)	149.77	(24.73)

b) Details of unfunded post retirement Defined Obligations are as follows: *(₹ in Lacs)*

Particulars	Leave Encashment (Unfunded)	
	2013-14	2012-13
I. Components of Employer Expense :		
1 Current Service Cost	25.77	40.56
2 Past Service Cost	–	–
3 Interest Cost	18.60	16.82
4 Expected return on Plan Assets	–	–
5 Actuarial (Gain) /Loss recognised in the year	43.63	11.50
6 Expense recognised in the Statement of Profit and Loss	88.00	68.88
II. Change in Present Value of Defined Benefit Obligation :		
1 Present value of Defined Benefit Obligation at the beginning of the year	246.03	218.71
2 Interest Cost	18.60	16.82
3 Past Service Cost	–	–
4 Current Service Cost	25.77	40.56
5 Benefits Paid	66.94	41.56
6 Actuarial (Gain) / Loss	43.63	11.50
7 Present value of Defined Benefit Obligation at the end of the year	267.09	246.03
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end:		
1 Present value of Defined Benefit Obligation	267.09	246.03
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(267.09)	(246.03)
4 Net Asset / (Liability) recognised in Balance Sheet	(267.09)	(246.03)
IV. Actuarial Assumptions :		
1 Discount Rate (per annum) %	8.75	8.50
2 Expected return on Plan Assets (per annum) %	–	–
3 Expected Rate of Salary increase %	5.50	5.00
4 Retirement/Superannuation Age (Year)	60	60
5 Mortality Rates	IALM 2006-08 Ultimate	LICI 1994-1996
V. Expected Employer's Contribution for the next year :		
Expected Employer's Contribution for the next year	49.00	29.21

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.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".

c) **Information about Primary Business Segments:** *(₹ in Lacs)*

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Revenue						
Gross sales	**243752.83**	**27105.29**	**32705.80**	**584.51**	–	**304148.43**
	(310302.71)	(20044.69)	(30210.91)	(491.70)	(-)	(361050.01)
Less : Inter segment sales	**18953.40**	**6.45**	**9317.70**	–	–	**28277.55**
	(14273.56)	(5.76)	(8367.30)	(0.36)	(-)	(22646.98)
External sales	**224799.43**	**27098.84**	**23388.10**	**584.51**	–	**275870.88**
	(296029.15)	(20038.93)	(21843.61)	(491.34)	(-)	(338403.03)
Less : Excise duty on external sales	**7385.63**	**1990.82**	–	–	–	**9376.45**
	(9540.98)	(1378.02)	(-)	(-)	(-)	(10919.00)
Net sales	**217413.80**	**25108.02**	**23388.10**	**584.51**	–	**266494.43**
	(286488.17)	(18660.91)	(21843.61)	(491.34)	(-)	(327484.03)
Add : Allocable other income	**1217.30**	**66.35**	**239.80**	**9.41**	–	**1532.86**
	(432.49)	(1949.11)	(36.78)	(13.81)	(-)	(2432.19)
Total Revenue	**218631.10**	**25174.37**	**23627.90**	**593.92**	–	**268027.29**
	(286920.66)	(20610.02)	(21880.39)	(505.15)	(-)	(329916.22)
Result						
Segment result	**(10848.83)**	**11622.07**	**15196.17**	**68.92**	–	**16038.33**
	(12660.65)	(9683.04)	(15484.11)	(122.16)	(-)	(37949.96)
Less:						
Unallocable expenditure net of unallocable income					**2986.68**	**2986.68**
					(2507.66)	(2507.66)
Finance costs					**11784.26**	**11784.26**
					(14386.70)	(14386.70)
Profit before tax						**1267.39**
						(21055.60)
Tax						
Current tax (MAT)						**360.00**
						(4240.00)
Deferred tax						**3390.36**
						(612.72)
Tax provision for earlier years written back						**(2847.05)**
						(–)
Profit after tax						**364.08**
						(16202.88)

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Other information						
Segment assets	311907.10	17043.88	53110.76	1104.43	32552.89	415719.06
	(294818.49)	(17048.60)	(60347.66)	(1102.88)	(49303.74)	(422621.37)
Segment liabilities	106380.08	914.88	852.29	93.86	33226.77	141467.88
	(74335.70)	(786.81)	(236.06)	(43.81)	(38930.46)	(114332.84)
Capital expenditure	945.13	683.20	5993.52	1.33	153.17	7776.35
	(1089.78)	(587.30)	(636.12)	(-)	(135.11)	(2448.31)
Depreciation and amortisation	6743.05	813.27	3254.20	46.50	88.02	10945.04
	(6526.37)	(822.07)	(3371.27)	(48.08)	(57.95)	(10825.74)
Non cash expenses other than	1015.60	37.47	697.75	11.95	584.87	2347.64
depreciation and amortisation	(238.63)	(0.18)	(420.39)	(-)	(24.40)	(683.60)

Notes :

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

ii) Unallocable expenses are net of unallocable income ₹1061.61 lacs (Previous year ₹1847.94 lacs).

iii) Inter segment sales include excise duty ₹1590.57 lacs (Previous year ₹879.37 lacs).

iv) Figures in brackets pertain to previous year.

d) Information about Secondary Geographical Segments : There is no secondary segment.

12. 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. (Upto 04.01.2013)
ii) Associate :	VA Friendship Solar Park Pvt. Ltd. (Upto 02.03.2014)
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) - Chairman Emeritus 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 over which KMP and their relatives have substantial interest / significant influence:	1. Meenakshi Mercantiles Ltd. 2. Udaipur Cotton Mills Co. Ltd. 3. Novel Suppliers Pvt. Ltd. 4. Balrampur Institute of Vocational Aid 5. Balrampur Foundation 6. Kamal Nayan Saraogi (HUF) 7. Vivek Saraogi (HUF) 8. Kishor Shah (HUF)

Notes forming part of the Financial Statements

Note No : 29 **Other disclosures** *(Contd...)*

b) Transactions with related parties :

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associate	Enterprises over which KMP and their relatives have substantial interest/ signnificant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Inter-Corporate loan given						
Indo Gulf Industries Ltd.	7.00	–	–	–	–	7.00
	(10.25)	(–)	(–)	(–)	(–)	(10.25)
ii) Inter-Corporate Loan received back						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(15.00)	(–)	(–)	(–)	(–)	(15.00)
iii) Investments sold during the year in						
VA Friendship Solar Park Pvt.Ltd.	–	234.14	–	–	–	234.14
	(–)	(–)	(–)	(–)	(–)	(–)
iv) Amount received on dissolution of subsidiary						
Balrampur Overseas Pvt. Ltd.	–	–	–	–	–	–
	(156.90)	(–)	(–)	(–)	(–)	(156.90)
v) Interest Income						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(45.91)	(–)	(–)	(–)	(–)	(45.91)
vi) Receiving of Services						
Smt. Meenakshi Saraogi	–	–	–	204.36	–	204.36
	(–)	(–)	(–)	(332.23)	(–)	(332.23)
Shri Vivek Saraogi	–	–	–	168.84	–	168.84
	(–)	(–)	(–)	(318.87)	(–)	(318.87)
Shri Kishor Shah	–	–	–	56.13	–	56.13
	(–)	(–)	(–)	(84.65)	(–)	(84.65)
Dr. Arvind Krishna Saxena	–	–	–	18.42	–	18.42
	(–)	(–)	(–)	(16.62)	(–)	(16.62)
vii) Dividend Paid to Shareholders						
Smt. Meenakshi Saraogi	–	–	–	284.89	–	284.89
	(–)	(–)	(–)	(–)	(–)	(–)
Shri Vivek Saraogi	–	–	–	761.65	–	761.65
	(–)	(–)	(–)	(–)	(–)	(–)
Shri Kishor Shah	–	–	–	0.81	–	0.81
	(–)	(–)	(–)	(–)	(–)	(–)
Dr. Arvind Krishna Saxena	–	–	–	0.36	–	0.36
	(–)	(–)	(–)	(–)	(–)	(–)
Smt. Sumedha Saraogi	–	–	–	–	195.98	195.98
	(–)	(–)	(–)	(–)	(–)	(–)
Shri Karan Saraogi	–	–	–	–	78.93	78.93
	(–)	(–)	(–)	(–)	(–)	(–)
Miss Avantika Saraogi	–	–	–	–	74.93	74.93
	(–)	(–)	(–)	(–)	(–)	(–)
Smt. Stuti Dhanuka	–	–	–	–	100.24	100.24
	(–)	(–)	(–)	(–)	(–)	(–)
Meenakshi Mercantiles Ltd.	–	–	171.54	–	–	171.54
	(–)	(–)	(–)	(–)	(–)	(–)
Udaipur Cotton Mills Co. Ltd.	–	–	131.19	–	–	131.19
	(–)	(–)	(–)	(–)	(–)	(–)

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associate	Enterprises over which KMP and their relatives have substantial interest/ signnificant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
vii) Dividend Paid to Shareholders *(contd...)*						
Novel Suppliers Pvt. Ltd.	–	–	40.00	–	–	40.00
	(–)	(–)	(–)	(–)	(–)	(–)
Kamal Nayan Saraogi (HUF)	–	–	157.25	–	–	157.25
	(–)	(–)	(–)	(–)	(–)	(–)
Vivek Saraogi (HUF)	–	–	3.40	–	–	3.40
	(–)	(–)	(–)	(–)	(–)	(–)
Kishor Shah (HUF)	–	–	0.10	–	–	0.10
	(–)	(–)	(–)	(–)	(–)	(–)
viii) Donation paid						
Balrampur Institute of Vocational Aid	–	–	45.30	–	–	45.30
	(–)	(–)	(349.50)	(–)	(–)	(349.50)
Balrampur Foundation	–	–	29.15	–	–	29.15
	(–)	(–)	(28.75)	(–)	(–)	(28.75)
ix) Balance Outstanding						
a) Accounts payable						
Smt. Meenakshi Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(150.00)	(–)	(150.00)
Shri Vivek Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(150.00)	(–)	(150.00)
Shri Kishor Shah	–	–	–	–	–	–
	(–)	(–)	(–)	(39.00)	(–)	(39.00)
b) Inter Corporate Loan receivable						
Indo Gulf Industries Ltd.	362.25	–	–	–	–	362.25
	(355.25)	(–)	(–)	(–)	(–)	(355.25)
c) Interest receivable						
Indo Gulf Industries Ltd.	41.32	–	–	–	–	41.32
	(41.32)	(–)	(–)	(–)	(–)	(41.32)
x) Provision for doubtful loan and interest thereon						
Indo Gulf Industries Ltd.	403.57	–	–	–	–	403.57
	(–)	(–)	(–)	(–)	(–)	(–)

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 a related party viz. Indo Gulf Industries Ltd. is doubtful, hence loan and interest recoverable thereon has been fully provided for and interest on the loan for the current year has not been accounted for.

f) Figures in brackets pertain to previous year.

Note No : 29 **Other disclosures** *(Contd...)*

13. **Disclosure under clause 32 of the Listing Agreement :**

Loan given to Subsidiary:

(₹ in Lacs)

Name of the Company	Amount outstanding as at 31st March, 2014	Amount outstanding as at 31st March, 2013	Maximum amount outstanding at any time during the year ended 31st March, 2014	Maximum amount outstanding at any time during the year ended 31st March, 2013
Indo Gulf Industries Ltd.	362.25	355.25	362.25	360.00

i) Loan 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. However, interest for the current year has not been accounted for due to reasons stated in Note No. 29(12)(e).

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

14. **Derivative Instruments**

The Company has entered into derivative contracts to hedge the interest rate and currency risks. The details of derivative contracts entered for hedging purposes and outstanding as at the date of the Balance Sheet are as under:

(₹ in Lacs)

Particulars	Outstanding amount of exposure hedged As at 31st March, 2014	Outstanding amount of exposure hedged As at 31st March, 2013
Swaps	4998.82	10205.38

15. a) Pursuant to the sanction of the Modified Rehabilitation Scheme containing the Scheme of Merger between Khalilabad Sugar Mills Pvt. Ltd. (KSMPL), a sick Company and the Company, by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 14th August, 2013, KSMPL i.e., the Amalgamating Company stands merged with the Company with effect from the appointed date i.e., 1st April, 2012.

b) The Amalgamating Company is engaged in the manufacturing of sugar.

c) The aforesaid Scheme of Merger has become effective on filing the certified copy of the Order dated 14th August, 2013 passed by the Hon'ble BIFR with the Registrar of Companies, Uttar Pradesh, and also with the Registrar of Companies, West Bengal, on 26th September, 2013.

d) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14), "Accounting for Amalgamations". Pursuant to the Scheme, the Company has recorded in its books all the Assets and Liabilities pertaining to the Amalgamating Company at values as appearing in the books of the Amalgamating Company as at the appointed date after giving effect of the Scheme.

e) In consideration of the merger of the Amalgamating Company, the Company has issued 526894 Equity Shares of ₹1/- each fully paid-up (constituting 0.22% of Equity Capital of the Company) to the Shareholders of KSMPL in the ratio of 1 Equity Share of ₹1/- fully paid-up of the Company for every 20 Equity Shares of ₹10/- each in KSMPL.

f) The loss of KSMPL pertaining to 2012-13 i.e. from the appointed date till the end of the Company's previous year ended 31st March, 2013, amounting to ₹ 2616.09 lacs has also been recognised in the current year under Note No.3(h).

g) For the reason of accounting for the loss of KSMPL for the period 1st April, 2012 to 31st March, 2013 in the current year, the effect of inventories acquired on merger amounting to ₹3097.49 lacs as on 1st April, 2012 as per the details given hereunder has been included in the aforesaid amount of the loss and hence the inventories acquired on merger stated in Note No. 24 represents the amount thereof as at 1st April, 2013:

(₹ in Lacs)

Particulars	Inventories acquired on merger as on 1st April, 2012		Inventories as shown in Note No.24 as at 1st April, 2013	
Finished goods				
Sugar		2992.48		2556.38
By-products		99.56		118.38
Work- in-progress				
Sugar	5.31		6.21	
Molasses	0.14	5.45	0.15	6.36
		3097.49		**2681.12**

h) For the purpose of uniform accounting policies and to align with the method and rates adopted for calculating depreciation, the Company has followed straight line method and rates of depreciation in respect of the Fixed Assets of the Amalgamating Company. The resultant write back on this account has been credited in the Amalgamation Reserve Account. The details of all adjustments carried through Amalgamation Reserve Account as per the provisions of the Scheme of Merger are given below:-

Particulars		**(₹ in Lacs)**
i) Write back on account of depreciation		1360.68
ii) Debit balance of Statement of Profit and Loss of amalgamating company		10725.94
iii) Excess of assets over liabilities		261.18
		12347.80
Less:		
i) Cancellation of Intercorporate deposit to amalgamating company	9800.00	
ii) Capital reserve of amalgamating company	128.02	
iii) Storage fund for molasses taken over	5.31	
iv) Amalgamation expenses incurred	28.26	9961.59
		2386.21
Less : Equity shares issued		5.27
Balancing figure transferred to General reserve as per Scheme		**2380.94**

Had the Scheme not prescribed the above accounting treatment, the balancing figure in Amalgamation Reserve would have been credited to Capital Reserve in accordance with Accounting Standard 14.

i) Figures for the current year include all the assets and liabilities and the revenues and expenses pertaining to KSMPL as mentioned above. The previous year figures do not include the figures in respect of KSMPL. Therefore, the figures of the current financial year are not comparable with those of the previous year.

16. The Hon'ble Board of Industrial and Financial Reconstruction (BIFR) has permitted, transfer of 20% equity shares of Indo Gulf Industries Ltd. (IGIL) held by the Company as well as induction of co-promoter / strategic investor in IGIL, under a Modified Draft Rehabilitation Scheme (MDRS) to be approved by the Hon'ble BIFR. After the said transfer of shares, IGIL will cease to be a subsidiary of the Company.

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

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	**Year ended 31st March, 2013**
Spare parts*	120.46	41.20

* Spare parts includes store items also. Further, there is no import of components.

18. Expenditure in foreign currency

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	**Year ended 31st March, 2013**
a) On professional and consultancy fees	6.07	–
b) On travelling	7.93	25.24
c) On interest / financial charges	189.15	448.00
d) Others	0.45	–

19. Consumption of materials

	Year ended 31st March, 2014		**Year ended 31st March, 2013**	
Particulars	Percentage	₹ in lacs	**Percentage**	**₹ in lacs**
a) Imported	–	–	–	–
b) Indigenous	100.00%	227500.10	100.00%	241090.95
Total	**100.00%**	**227500.10**	**100.00%**	**241090.95**

Notes forming part of the Financial Statements

Note No : 29 **Other disclosures** *(Contd...)*

20. Consumption of component and spare parts*

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Percentage	₹ in lacs	Percentage	₹ in lacs
a) Imported	0.32%	7.21	0.10%	2.11
b) Indigenous	99.68%	2221.35	99.90%	2116.28
Total	**100.00%**	**2228.56**	**100.00%**	**2118.39**

* Spare parts includes store items also.

21. Earnings in foreign exchange

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Gain on disposal of long term investments	–	14.10

22. Dividend remitted in foreign currency :

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
i) Year to which Dividend relates	2012-13	–
ii) Number of non-resident shareholders	1461	–
iii) Number of Ordinary Shares held by them	42942141	–
iv) Gross amount of Dividend (₹ in lacs)	858.84	–

23. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place: Kolkata
Date: 12th May, 2014

For and on behalf of the Board of Directors

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Consolidated Financial Statements

Independent Auditor's Report on Consolidated Financial Statements

To
The Board of Directors of
BALRAMPUR CHINI MILLS LIMITED

We have audited the accompanying consolidated financial statements of **BALRAMPUR CHINI MILLS LIMITED** ("the Company"), its Subsidiary and Associate, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profit for the year ended on that date; and

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

Other Matters

1. We did not audit the financial statements of Indo Gulf Industries Ltd., the Subsidiary Company, whose financial statements reflect total assets (net) of ₹196.42 Lacs as at March 31, 2014, total revenues of ₹5.70 Lacs and the related cash flows for the year then ended. These financial statements have been audited by other auditor whose report have been furnished to us by the Management, and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.
2. We did not audit the financial statements of VA Friendship Solar Park Pvt. Ltd. (Associate Company) in which Company's Share of Profit of ₹3.05 lacs for the period upto 2nd March, 2014, being the date of disposal of Company's interest in the Associate has been consolidated. These financial statements have been audited by another auditor whose report has been furnished to us by the management and our opinion is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

For **G.P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place: Kolkata
Date: 12th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2014		As at 31st March, 2013	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share capital	2	2448.41		2443.14	
b) Reserves and surplus	3	119185.72	121634.13	129163.16	131606.30
2) Minority interest			–		–
3) Non - current liabilities					
a) Long - term borrowings	4	49417.83		22948.21	
b) Deferred tax liabilities (net)	5	26450.30		23059.94	
c) Other long - term liabilities	6	503.01		396.33	
d) Long - term provisions	7	235.42	76606.56	979.03	47383.51
4) Current liabilities					
a) Short - term borrowings	8	85690.58		126020.32	
b) Trade payables	9	101550.09		71211.94	
c) Other current liabilities	10	30075.89		40081.40	
d) Short - term provisions	11	345.69	217662.25	6022.67	243336.33
TOTAL			415902.94		422326.14
II. ASSETS					
1) Non - current assets					
a) Fixed assets	12				
i) Tangible assets		152369.78		152242.06	
ii) Intangible assets		55.81		73.63	
iii) Capital work-in-progress	12A	30.13		510.98	
		152455.72		152826.67	
b) Non - current investments	13	4074.76		4220.05	
c) Long - term loans and advances	14	7110.04		6618.76	
d) Other non - current assets	15	17108.45	180748.97	17108.25	180773.73
2) Current assets					
a) Inventories	16	209228.86		188657.10	
b) Trade receivables	17	6405.67		18137.74	
c) Cash and bank balances	18	14351.69		19121.54	
d) Short - term loans and advances	19	2829.45		15245.32	
e) Other current assets	20	2338.30	235153.97	390.71	241552.41
TOTAL			415902.94		422326.14
Basis of consolidation and significant accounting policies	1				
Other disclosures	29				
The accompanying notes 1 to 29 are an integral part of the consolidated financial statements.					

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2014		Year ended 31st March, 2013	
I. Revenue from operations (Gross)	21				
Sale of goods (Gross)		275870.88		338403.03	
Less: Excise duty		9376.45		10919.00	
Net sale of goods			266494.43		327484.03
Other operating revenue			–		–
Revenue from operations (net)			**266494.43**		**327484.03**
II. Other income	22		2682.88		4228.04
III. Total revenue (I+II)			**269177.31**		**331712.07**
IV. Expenses:					
Cost of materials consumed	23		227500.10		241090.95
Changes in inventories of finished goods, by-products and work-in-progress	24		(18410.17)		10804.50
Employee benefits expense	25		14170.17		12945.82
Finance costs	26		11784.26		14386.70
Depreciation and amortisation expense	27		10958.29		10838.98
Other expenses	28		21428.63		20665.30
Total expenses			**267431.28**		**310732.25**
V. Profit before exceptional and extra ordinary items and tax (III-IV)			**1746.03**		**20979.82**
VI. Exceptional items			–		–
VII. Profit before extraordinary items and tax (V-VI)			**1746.03**		**20979.82**
VIII. Extraordinary items			–		–
IX. Profit before tax (VII-VIII)			**1746.03**		**20979.82**
X. Tax expense :					
Current tax (MAT)		360.00		4240.00	
Deferred tax		3390.36		612.72	
Tax provision for earlier years written back		(2847.05)	903.31	–	4852.72
XI. Profit after tax but before adjustment of minority interest and share of Associate (IX-X)			**842.72**		**16127.10**
Profit attributable to minority shareholders		–		–	
Add: Share of profit in Associate		3.05	3.05	2.99	2.99
XII. Profit for the year			**845.77**		**16130.09**
XIII. Earnings per share					
(Nominal value per share ₹1/-) [Refer Note No. 29(7)]					
- Basic (₹)			0.35		6.60
- Diluted (₹)			0.35		6.60
Number of shares used in computing Earnings per share					
- Basic			244840817		244313923
- Diluted			244962929		244440797
Basis of consolidation and significant accounting policies	1				
Other disclosures	29				
The accompanying notes 1 to 29 are an integral part of the consolidated financial statements.					

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and extra ordinary items and tax		**1746.03**		**20979.82**
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :				
Finance costs	11784.26		14386.70	
Depreciation and amortisation expense	10958.29		10838.98	
Loss on sale/discard of fixed assets	618.49		162.16	
Sundry debit balances / advances written off	769.01		–	
Transfer to storage fund for molasses	19.26		23.86	
Provision for contingency	0.10		–	
Provision for doubtful debts, loans and advances	6.55		–	
Interest income	(514.14)		(1694.02)	
Profit on sale of fixed assets	(58.36)		(9.89)	
Unspent liabilities/balances written back	(1425.28)		(2138.27)	
Provision for doubtful debts/ advances written back	(17.25)		(2.42)	
Profit on sale of shares of Assoicate	(84.80)		–	
Provision for contingency written back	–		(0.05)	
Storage fund for molasses written back	–		(12.82)	
Expense on employee stock option scheme	(3.92)		(3.74)	
Unrealised exchange rate fluctuation	527.65		497.58	
		22579.86		22048.07
Operating profit before working capital changes		**24325.89**		**43027.89**
Adjustments to reconcile operating profit to cash flow provided by changes in working capital :				
Increase in trade payables	29641.93		9700.00	
(Decrease) in other current liabilities	(1371.88)		(362.21)	
Increase/(decrease) in provision for employee benefits/wealth tax	(109.39)		37.67	
(Increase)/decrease in inventories	(17790.00)		11121.94	
(Increase)/decrease in trade receivables	11731.75		(3439.77)	
(Increase)/decrease in long-term and short-term loans & advances	699.29		(309.18)	
(Increase)/decrease in other non-current and other current assets	(1977.95)		31.01	
		20823.75		16779.46
Cash generated from operations		**45149.64**		**59807.35**
Tax refund/(expense) (excluding wealth tax)		1083.58		(4244.24)
Cash flow before exceptional and extraordinary items		**46233.22**		**55563.11**
Exceptional / extraordinary items		–		–
Net cash generated from operating activities (A)		**46233.22**		**55563.11**
B CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including intangibles)	(7714.84)		(2448.31)	
Sale of fixed assets	132.31		136.76	
Sale of shares of associate	234.14		–	
Purchase of national savings certificates	(0.65)		(1.05)	
Proceeds from maturity of national savings certificates	0.17		0.08	
Fixed deposits placed with banks	(74.65)		(393.41)	
Fixed deposits redeemed from banks	89.04		109.43	
Loan given to corporates/others	–		(4440.00)	
Loan received back from corporates/others	550.00		4646.00	
Interest received on loan to corporate/debentures /others	434.01		1464.89	
Net cash used in investing activities (B)		**(6350.47)**		**(925.61)**

Consolidated Cash Flow Statement *(Contd...)*

(₹ in Lacs)

Particulars		Year ended 31st March, 2014		Year ended 31st March, 2013	
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from long term borrowings	41162.00		–	
	Repayment of long term borrowings	(27343.40)		(26859.87)	
	Proceeds/(repayment) of short term borrowings	(41087.71)		3898.17	
	Interest expense	(11521.12)		(14061.75)	
	Other borrowing costs	(172.68)		(31.88)	
	Dividend paid	(4896.82)		–	
	Dividend distribution tax paid	(832.21)		–	
	Net cash generated used in financing activities (C)		**(44691.94)**		**(37055.33)**
D	FOREIGN CURRENCY TRANSLATION RESERVE **(D)**		**-**		**(23.16)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		**(4809.19)**		**17559.01**
	Opening cash and cash equivalents		18623.04		1064.03
	Cash and bank balance acquired on merger [See Note No. 6 below]		47.70		–
	Closing cash and cash equivalents [Refer Note No. 18]		**13861.55**		**18623.04**

Notes:

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) Finance costs is inclusive of, and additions to fixed Assets is exclusive of, interest capitalised ₹61.23 lacs (previous period Nil).
3) Additions to Fixed Assets include movement of Capital work-in-progress during the year.
4) Consideration for sale 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 bank balance acquired on cut-off date is ₹56.27 lacs. However, the cash and bank balance of ₹47.70 lacs as on 1st April, 2013 has been considered in the Cash Flow Statement being the actual balance as on 1st April, 2013.
7) Current Investments carry insignificant risk and are readily convertible into known amount of Cash, hence considered as part of Cash and cash equivalents.
8) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
9) Cash and cash equivalents as at the Balance Sheet date consists of:

(₹ in Lacs)

Particulars		As at 31st March, 2014		As at 31st March, 2013
a) Balance with banks on current accounts		13755.93		569.77
b) Cheques on hand		–		919.47
c) Cash on hand		105.62		133.80
d) Short term, highly liquid investment in mutual funds		–		17000.00
		13861.55		**18623.04**

10) Figure in brackets represent cash outflow from respective activities.
11) As breakup of Cash and cash equivalents is also available in Note No. 18, reconciliation of amount of Cash and cash equivalants as per Consolidated Cash Flow Statement with the equivalant amount reported in the Balance Sheet is not required and hence not provided.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Place: Kolkata
Date: 12th May, 2014

Notes forming part of the Consolidated Financial Statements

Note No : 1 **Basis of consolidation and significant accounting policies**

A. BASIS OF CONSOLIDATION :

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

1. **Basis of preparation of consolidated financial statements**

   i) The financial statements of the Subsidiary and Associate used in the consolidation are drawn upto the same balance sheet date as of the Company i.e. 31st March, 2014.

   ii) 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 in India under the historical cost convention on accrual basis except certain tangible fixed assets which are carried at revalued amount.

   GAAP comprises applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, relevant provisions of the Companies Act, 1956, Companies Act, 2013 to the extent applicable and the applicable 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 the Subsidiary and Associate, on the audited financial statements prepared for consolidation in accordance with the requirements of Accounting Standard - 21 and Accounting Standard - 23 for 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. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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/ materialise.

3. **Principles of consolidation**

   The consolidated financial statements have been prepared on the following basis:

   i) 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 there on have been fully eliminated.

   ii) The consolidated financial statements include the Share of Profit of the Associate Company which has been accounted as per the "Equity Method".

   iii) The excess of cost to the Company of its Investments in the Subsidiary and Associate over its Share of Equity of the Subsidiary 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.

   iv) The Minority Interest in the net assets of the Subsidiary on the date of Balance 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.

   v) Companies considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	Percentage of ownership interest as at 31.03.2014	31.03.2013	Financial year ends on
Subsidiary :				
Indo Gulf Industries Ltd.	India	53.96%	53.96%	31st March
Associate :				
VA Friendship Solar Park Pvt. Ltd. *	India	–	45.00%	31st March

* Investment fully disposed off on 3rd March, 2014.

Note No : 1 **Basis of consolidation and significant accounting policies (contd...)**

B. SIGNIFICANT ACCOUNTING POLICIES :

1. **Fixed assets and capital work-in-progress**

a) Tangible fixed assets are stated at their original cost (net of accumulated depreciation and impairment) adjusted by revaluation of certain assets.

Cost, net of cenvat, includes acquisition price, import duties, other non- refundable taxes and levies, directly attributable expenses and pre-operational expenses including finance costs, wherever applicable for bringing the assets to its working condition for its intended use.

b) Intangible assets acquired separately which are expected to provide future enduring economic benefits are stated at their original costs less accumulated amortisation and impairment, if any.

Cost, net of cenvat, includes acquisition price, licence fees and costs of implementation/system integration services and any directly attributable expenditure, wherever applicable for bringing the asset to its working condition and for its intended use.

c) Expenditure during construction period: Directly attributable expenditure (including finance 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.

d) Assets identified and technically evaluated as obsolete and have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated realisable value.

2. **Depreciation and amortisation**

a) Depreciation on tangible fixed assets is provided on Straight Line Method in accordance with the rates and manner 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) Lease hold land in the nature of perpetual lease is not amortised. Other lease hold land are amortised over the period of the lease on straight line basis.

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

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

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 provision for diminution recorded to recognise any decline, other than temporary, in the carrying value of each investment.

Current investments are carried at lower of cost and fair value, category wise.

Cost includes acquisition price and directly attributable acquisition charges such as brokerage, fee and duties.

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 directly attributable 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) Inventories 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.

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 and excludes sales tax/VAT, trade discounts and rebates.

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

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

e) 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.

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

Note No : 1 **Basis of consolidation and significant accounting policies (contd...)**

6. **Expenses**

   All the expenses are accounted for on accrual basis.

7. **Government grants**

   a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the Company would comply with the conditions attached with them and the grant/subsidy would be received.

   b) Government grants related to specific fixed assets are adjusted with the value of the fixed asset.

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

8. **Provisions, contingent liabilities and contingent assets**

   A provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable as a result of a past event, and 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 measured 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 neither recognised nor disclosed in the financial statements.

9. **Impairment of assets**

   An asset is treated as impaired when the carrying amount of assets exceeds its recoverable value.

   The Company assesses at each Balance Sheet date whether there is an indication that an asset may be impaired.

   Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed its recoverable value being higher of an asset's net selling price and its value in use. Value in use is computed at net 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.

   The Company also assesses at each Balance Sheet date whether there is an indication that the impairment losses recognised no longer exist or have decreased. If such indication is there, then impairment losses recognised in prior years are reversed.

   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.

10. **Foreign currency transactions and translations**

    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 recognized 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.

11. **Borrowing costs**

    Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset is capitalized 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.

12. **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 using the Projected Unit Credit Method. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

Note No : 1 **Basis of consolidation and significant accounting policies (contd...)**

13. **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 options (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 for as employee compensation cost on a straight line basis over the vesting period in accordance with the SEBI (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting of Employee Share Based Payments.

14. **Taxes on income**

Tax expense for the period comprises of current income tax and deferred tax.

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 realized 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 realization 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 realized.

The deferred tax for timing differences between the book and tax profit for the period is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

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.

15. **Derivative instruments**

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.

16. **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 adopted for preparing and presenting the financial statements of the Company as a whole. In addition, the following specific accounting policies have been followed for segment reporting:

a) Inter segment transfers are accounted for based on the transaction price agreed to between segments which is at cost in case of transfer of Company`s intermediate and final products and estimated realisable value in case of By-products.

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

17. **Earnings per share**

Basic earnings per share are computed by dividing the net 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 are computed by dividing the net profit/(loss) after tax (including the post tax effect of 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.

18. **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/loss 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.

19. **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cheques in hand, balance with banks in current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

Notes forming part of the Consolidated Financial Statements

Note No : 2 **Share capital**

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	₹ in Lacs	No. of shares	₹ 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	244840817	2448.41	244313923	2443.14
		2448.41		**2443.14**
Issue of 17270 (Previous year 17270) equity shares on Right basis has been kept in abeyance in view of pending dispute.				
(c) Reconciliation of number and amount of equity shares outstanding:				
At the beginning of the year	244313923	2443.14	244313923	2443.14
Add : Shares issued to the shareholders of erstwhile Khalilabad Sugar Mills Pvt. Ltd. (KSMPL) pursuant to Scheme of Merger [Refer Note No. 29(15)]	526894	5.27	–	–
At the end of the year	**244840817**	**2448.41**	**244313923**	**2443.14**

(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) Shareholders holding more than 5% of the equity shares in the Company:

Name of the shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares held	% of holding	No. of shares held	% of holding
Life Insurance Corporation of India	19995490	8.17	19995490	8.18
Shri Vivek Saraogi	38082320	15.55	38082320	15.59
Smt. Meenakshi Saraogi	14244300	5.82	14244300	5.83

(g) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on 31st March, 2014 – 570942 equity shares (previous period of five years ended 31st March, 2013 - 44048 equity shares).

(h) The aggregate number of equity shares bought back in immediately preceding last five years ended on 31st March, 2014 - 15410135 equity shares (previous period of five years ended 31st March, 2013 - 15410135 equity shares).

(i) The Company has reserved 306150 (Previous year 316650) equity shares of par value ₹1/- each for issue at a premium of ₹44/- each to eligible employees of the company under Employee Stock Option Scheme. All these shares are vested and are exercisable at any point of time. Refer Note No. 29(4) for terms of employee stock option scheme.

Notes forming part of the Consolidated Financial Statements

Note No : 3 **Reserves and surplus** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(a) Capital reserves				
Balance as per last account	1028.22		1028.22	
Add: Acquired on merger [Refer Note No. 29(15)]	128.02	1156.24	–	1028.22
(b) Capital redemption reserve				
Balance as per last account		2654.10		2654.10
(c) Securities premium account				
Balance as per last account		51835.51		51835.51
(d) Revaluation reserve				
Balance as per last account		18.24		18.24
(e) Share options outstanding account				
Balance as per last account	106.38		110.12	
Less: Options forfeited	3.92	102.46	3.74	106.38
(f) General reserve				
Balance as per last account	65773.44		55773.44	
Add: Amalgamation reserve [Refer Note No. 29 (15)]	2380.94		–	
Add: Transfer from Surplus in the Statement of Profit and Loss	–	68154.38	10000.00	65773.44
(g) Storage fund for molasses				
Balance as per last account	51.60		40.56	
Add: Acquired on merger [Refer Note No. 29(15)]	5.31		–	
Add: Transfer from KSMPL for 2012-13	1.54		–	
Add: Created during the year	19.26		23.86	
	77.71		64.42	
Less: Utilised during the year	–	77.71	12.82	51.60
(h) Foreign currency translation reserve				
Balance as per last account	–		23.16	
Less: Elimination on disposal of a subsidiary	–	–	23.16	–
(i) Surplus in the Statement of Profit and Loss				
Balance as per last account	7695.67		7282.28	
Less: Debit balance of Statement of Profit and Loss of amalgamating company [Refer Note No.29(15)]	10725.94		–	
Less: Loss of KSMPL during 2012-13 [Refer Note No.29(15)]	2616.09		–	
	(5646.36)		7282.28	
Add: Profit for the year	845.77		16130.09	
Amount available for appropriation	(4800.59)		23412.37	
Less: Appropriations:				
Dividend on equity shares (including tax on dividend ₹1.79 lacs) for previous year	12.33		–	
Proposed dividend	–		4886.28	
Tax on Proposed dividend	–		830.42	
Transfer to General reserve	–		10000.00	
Total appropriations	12.33		15716.70	
Balance as at the Balance Sheet date		(4812.92)		7695.67
		119185.72		**129163.16**

Notes:

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 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 ₹92.37 lacs (Previous year ₹59.84 lacs).

iii) During the previous year ended 31st march, 2013, Dvidend @ ₹2/- per equity share was recognised as distribution to equity shareholders. The total dividend payout (including tax on dividend) amounted to ₹5716.70 lacs.

Note No : 4 **Long - term borrowings** (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Term loans				
From banks				
Secured				
Rupee loans:				
State Bank of India (SBI)	32500.00		5000.00	
Punjab National Bank (PNB)	5062.00		–	
HDFC Bank Ltd. (HDFC)	3600.00		–	
Yes Bank Ltd. (YBL)	–	41162.00	7500.00	12500.00
From entities other than banks				
Secured				
Rupee loans:				
Government of India, Sugar Development Fund (SDF)	6276.85		5668.66	
External commercial borrowing (ECB):				
International Finance Corporation, Washington (IFC)	1670.60	7947.45	4471.17	10139.83
Deferred Sales Tax Loan				
Unsecured		308.38		308.38
		49417.83		**22948.21**

a) Nature of securities:

i) Rupee Term Loan from SBI, amounting to ₹17500.00 lacs under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured/ to be secured by pari passu first charge, by way of hypothecation of all the movable fixed assets, both present and future, of all the sugar units of the Company, except Khalilabad, and is to be further secured by way of pari passu first charge on immovable properties, both present and future, pertaining to all the sugar units of the Company except Khalilabad.

ii) Rupee Term Loan from SBI amounting to ₹15000.00 lacs is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's sugar and cogeneration units at Balrampur, Akbarpur and Mankapur 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. The hypothecation charge on the stocks as mentioned above ranks pari passu with PNB and HDFC for their Working capital loans.

iii) Rupee Term Loan from SBI amounting to ₹4980.00 lacs is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's sugar units at Babhnan, Tulsipur, Akbarpur and Maizapur and Distellery 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. The hypothecation charge on the stocks as mentioned above ranks pari passu with PNB and HDFC for their Working capital loans.

iv) Rupee Term Loan from PNB, under Scheme for Extending Financial Assistance to Sugar Undertakings, 2014, is secured by residual charge, by way of hypothecation of all the movables fixed assets, both present and future, pertaining to all the sugar units of the Company.

v) Rupee Term Loan from HDFC is secured by first charge, by way of hypothecation of movable fixed assets, both present and future, pertaining to Company's distillery units at Babhnan and Mankapur.

vi) Rupee Term Loan from YBL is secured by subservient charge, by way of hypothecation of movable fixed assets (both present and future) pertaining to all sugar and cogeneration units of the Company.

vii) 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 cogeneration units at Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia, Rauzagaon and sugar unit at Khalilabad. However in respect of loan availed for Company's sugar unit at Khalilabad, security is to be substituted by Bank Gurantee from a scheduled bank or mortgage on all theimmovable and movable properties of the sugar unit at Khalilabad on pari passu first charge basis.

viii) 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 cogeneration units at Haidergarh and Rauzagaon.

ix) ECB from SBI 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 cogeneration units at Kumbhi and Gularia. As the amount outstanding on 31/03/2013 was payable entirely within one year, the same was included in the line item "Current maturities of long - term debt" under the head "Other current liabilities" as at 31st March, 2013.

Note No : 4 **Long - term borrowings (contd...)**

b) Terms of repayment :

Name of the banks / entities	Rate of Interest	Amount outstanding as at 31.03.2014 Current (₹ in Lacs)	Amount outstanding as at 31.03.2014 Non current (₹ in Lacs)	Period of maturity w.r.t. the Balance Sheet date	Number of installments outstanding as at 31.03.2014	Amount of each installment (₹ in Lacs)
Government of India, Sugar Development Fund	* Bank Rate (-) 2% i.e. 4% p.a.	97.39 (194.77)	– (97.39)	10 days	1	97.39
		174.90 (174.90)	– (174.90)	7 months 24 days	2	87.45
		638.88 (638.88)	638.88 (1277.76)	1 year 8 months 5 days	4	319.44
		237.66 (237.66)	356.48 (594.14)	2 years 3 months 14 days	5	118.83
		342.98 (342.98)	514.48 (857.46)	2 years 5 months 18 days	5	171.49
		– (-)	2667.01 (2667.01)	5 years 5 months 15 days	5	533.40
	# Bank Rate	300.00 (-)	2100.00 (-)	8 years	8	300.00
	Sub-total	**1791.81** (1589.19)	**6276.85** (5668.66)			
Yes Bank Ltd.	YBL Base Rate (+) 0.75%	7500.00 (10000.00)	– (7500.00)	8 months 12 days	3	2500.00
State Bank of India	SBI Base Rate (+) 2%	4980.00 (10000.00)	– (5000.00)	6 months	2	▲2500.00
State Bank of India	SBI Base Rate (+) 2%	– (-)	15000.00 (-)	4 years 6 months	7	^ 2500.00
HDFC Bank Limited	HDFC Base Rate (+) 0.90%	– (-)	3600.00 (-)	4 years 7 months 17 days	1	3600.00
State Bank of India	$ 12% p.a. (Fixed)	– (-)	17500.00 (-)	5 years	12	∞ 1458.30
Punjab National Bank	$ 12% p.a. (Fixed)	– (-)	5062.00 (-)	5 years	36	■ 140.62
International Finance Corporation, Washington @	8.19% on JPY notional	3328.22 (2976.91)	1670.60 (4471.17)	1 year 5 months 15 days	3	□ 1664.11
State Bank of India (ECB)	7.65% on fully hedged basis	– (2757.30)	– (-)	–	–	–
Deferred Sales Tax Loan $$	–	– (-)	308.38 (308.38)	–	–	–
	Grand Total	**17600.03** (27323.40)	**49417.83** (22948.21)			

Figures in brackets pertain to previous year.

* Bank rate as prevailing on the date of disbursement.

Bank rate as applicable from time to time.

$ Entitled for interest subvention from Sugar Development Fund upto 12.00% p.a.

▲ Except last installment of ₹2480.00 lacs.

^ Except first two installments of ₹1250.00 lacs each.

∞ Except last four installments of ₹1458.40 lacs each.

■ Except last installment of ₹140.30 lacs.

□ Except last installment of ₹1670.60 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.

$$ Pursuant to sanction of the Rehabitation Scheme by the Hon'ble Board of Industrial and Financial Reconstruction (BIFR), the aforesaid loan is interest free and repayable in 5 yearly installments after the restart of the explosive unit.

Note No : 5 Deferred tax liabilities (net) (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Deferred tax liabilities				
Depreciation		29213.23		28742.27
Less: Deferred tax assets				
Carried forward losses	162.65		2566.95	
Expenses allowable for tax purposes when paid	2600.28	2762.93	3115.38	5682.33
		26450.30		**23059.94**

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 as they relate to the same governing taxation laws.

Note No : 6 Other long - term liabilities (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Interest accrued but not due on borrowings		503.01		396.33
		503.01		**396.33**

Note No : 7 Long - term provisions (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Provision for employee benefits - unavailed leave		232.21		217.99
Provision for taxation	–		7614.41	
Less : Advance tax	–	–	6854.37	760.04
Provision for wealth tax	50.00		52.00	
Less : Advance wealth tax	46.79	3.21	51.00	1.00
		235.42		**979.03**

Note No : 8 Short - term borrowings (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Loans repayable on demand				
Working capital loans				
From banks				
Secured				
State Bank of India (SBI)		54781.07		105580.44
Punjab National Bank (PNB)		10550.68		20078.00
HDFC Bank Ltd. (HDFC)		20358.83		361.88
		85690.58		**126020.32**

Nature of securities:

a) Working capital loans from SBI are secured :

i) 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 units ranking pari passu with PNB and HDFC.

ii) 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 Maizapur and further secured/to be secured by way of third charge on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's other sugar units, except Maizapur.

Note No : 8 Short - term borrowings (contd...)

b) Working capital loans from PNB 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 units ranking pari passu with SBI and HDFC.

c) Working capital loans from HDFC 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 units ranking pari passu with SBI and PNB.

Note No : 9 Trade payables (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Total outstanding dues of Micro and Small Enterprises [Refer Note No. 29(3)]		18.33		18.00
Total outstanding dues of other than Micro and Small Enterprises		101531.76		71193.94
		101550.09		**71211.94**

Note No : 10 Other current liabilities (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Current maturities of long - term debt *		17600.03		27323.40
Interest accrued but not due on borrowings		1112.80		806.49
Unpaid dividends @		102.87		120.34
Other payables				
Payable to suppliers of capital goods				
Total outstanding dues of Micro and Small Enterprises [Refer Note No. 29(3)]	0.99		1.19	
Total outstanding dues of other than Micro and Small Enterprises	474.32		163.53	
	475.31		164.72	
Advance from customers and others	191.19		478.19	
Retention monies	243.03		151.33	
Security deposits	261.63		213.00	
Statutory liabilities #	7250.40		7697.26	
Book overdraft balances	287.05		324.33	
Unpaid salaries and other payroll dues	1893.28		2037.47	
Accrued expenses	550.51		674.64	
Others	107.79	11260.19	90.23	11831.17
		30075.89		**40081.40**

* Refer Note No. 4 (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 on closing stock (₹in lacs)	6389.11	6099.83

Note No : 11 Short - term provisions (₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Provision for employee benefits - unavailed leave		270.30		230.68
Other provisions				
Proposed dividend	–		4886.28	
Provision for tax on proposed dividend	–		830.42	
Provision for wealth tax	25.00		25.00	
Provision for contingencies [Refer Note No.29(2)]	50.39	75.39	50.29	5791.99
		345.69		**6022.67**

Note No : 12 Fixed assets

(₹ in Lacs)

Particulars	Tangible assets									Intangible assets			Capital work-in-progress@	Grand total
	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		
Gross block														
Gross carrying amount as at 01.04.2013	6470.29	484.49	50415.69	191102.43	–	1796.19	2104.47	1690.69	254064.25	139.32	1897.55	2036.87	510.98	256612.10
Aquired on Merger	334.72	–	682.76	6476.13	–	7.23	7.89	30.97	7539.70	5.73	–	5.73	1.04	7546.47
Additions of amalgamating company during 2012-13	–	–	–	34.97	–	0.45	–	1.65	37.07	–	–	–	(1.04)	36.03
Additions during the year	27.94	–	643.09	7140.40	–	38.75	320.04	86.50	8256.72	0.48	–	0.48	7039.62	15296.82
Disposals/deductions during the year	1.39	–	216.14	1396.86	–	74.98	325.93	228.75	2244.05	–	–	–	7520.47	9764.52
Gross carrying amount as at 31.03.2014	**6831.56**	**484.49**	**51525.40**	**203357.07**	**–**	**1767.64**	**2106.47**	**1581.06**	**267653.69**	**145.53**	**1897.55**	**2043.08**	**30.13**	**269726.90**
Depreciation and amortisation														
Opening accumulated depreciation /amortisation	–	41.31	10194.64	88120.32	–	1049.23	1292.89	1123.80	101822.19	65.69	1897.55	1963.24	–	103785.43
Aquired on Merger	–	–	329.43	3354.29	–	6.62	2.48	15.16	3707.98	0.76	–	0.76	–	3708.74
Depreciation and amortisation of amalgamating company during 2012-13	–	–	22.18	341.97	–	0.57	0.75	3.43	368.90	1.15	–	1.15	–	370.05
Depreciation /amortisation for the year	–	6.04	1097.28	9529.82	–	78.12	125.70	99.49	10936.45	22.12	–	22.12	–	10958.57
Disposals/deductions during the year	–	–	196.00	863.58	–	62.61	245.92	183.50	1551.61	–	–	–	–	1551.61
Closing accumulated depreciation /amortisation	**–**	**47.35**	**11447.53**	**100482.82**	**–**	**1071.93**	**1175.90**	**1058.38**	**115283.91**	**89.72**	**1897.55**	**1987.27**	**–**	**117271.18**
Net carrying amount														
Net block as at 31.03.2014	**6831.56**	**437.14**	**40077.87**	**102874.25**	**–**	**695.71**	**930.57**	**522.68**	**152369.78**	**55.81**	**–**	**55.81**	**30.13**	**152455.72**

Fixed assets - Previous year

(₹ in Lacs)

Particulars	Tangible assets									Intangible assets			Capital work-in-progress@	Grand total
	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		
Gross block														
Gross carrying amount as at 01.04.2012	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
Additions during the year	–	–	149.43	1462.63	–	30.94	227.67	93.84	1964.51	15.37	–	15.37	1546.72	3526.60
Inter head ajustments during the year	–	–	–	(3.40)	–	(1.69)	3.40	1.69	–	–	–	–	–	–
Disposals/deductions during the year	102.07	–	–	130.38	8.68	61.20	221.86	34.63	558.82	–	–	–	1078.29	1637.11
Gross carrying amount as at 31.03.2013	**6470.29**	**484.49**	**50415.69**	**191102.43**	**–**	**1796.19**	**2104.47**	**1690.69**	**254064.25**	**139.32**	**1897.55**	**2036.87**	**510.98**	**256612.10**
Depreciation and amortisation														
Opening 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
Depreciation /amortisation for the year	–	6.03	1067.47	9438.08	0.10	70.58	125.41	108.60	10816.27	22.71	–	22.71	–	10838.98
Inter head ajustments during the year	–	–	–	(0.44)	–	(0.11)	0.44	0.11	–	–	–	–	–	–
Disposals/deductions during the year	–	–	–	42.00	5.89	53.09	138.61	30.20	269.79	–	–	–	–	269.79
Closing accumulated depreciation /amortisation	**–**	**41.31**	**10194.64**	**88120.32**	**–**	**1049.23**	**1292.89**	**1123.80**	**101822.19**	**65.69**	**1897.55**	**1963.24**	**–**	**103785.43**
Net carrying amount														
Net block as at 31.03.2013	**6470.29**	**443.18**	**40221.05**	**102982.11**	**–**	**746.96**	**811.58**	**566.89**	**152242.06**	**73.63**	**–**	**73.63**	**510.98**	**152826.67**

@ Refer Note No. 12A

Notes :

1) Land, Building, Plant & Machinery, Railway siding, Tubewell 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.

2) 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 Ltd.

3) 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 year ₹2456.61 lacs) in favour of BNP Paribas, India for securing Swap Contract entered into in connection with hedging in respect of External commercial borrowing availed by the Company.

4) 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 No : 12 **Fixed assets** *(Contd...)* *(₹ in Lacs)*

	Year ended 31st March, 2014	Year ended 31st March, 2013
5) Depreciation /Amortisation for the year includes:		
a) Depreciation for earlier years	(4.17)	–
b) Depreciation capitalised	0.28	–
6) Amount of finance cost capitalised (Net of interest subvention ₹45.30 lacs - Refer Note No. 29(9))	61.23	–

@ Refer Note No. 12A.

Note No : 12A **Capital work-in-progress** *(₹ in Lacs)*

Particulars		As at 31st March, 2014		As at 31st March, 2013	
Plant and equipment / Civil work - in - progress					
Additions during the year			6843.44		1546.72
	(A)		**6843.44**		**1546.72**
Preoperative expenses/ trial run expenses					
Additions during the year					
Employee benefits expenses:					
Salaries and wages		36.08		–	
Contribution to provident and other funds		3.39		–	
Staff welfare expense		0.31	39.78	–	–
Finance costs:					
Interest		49.83		–	
Other borrowing costs		11.40	61.23	–	–
Depreciation			0.28		–
Other expenses:					
Consumption of stores and spare parts		1.17		–	
Power and fuel		93.62		–	
Insurance		5.08		–	
Rates and taxes		1.74		–	
Miscellaneous expenses		143.17	244.78	–	–
	(B)		346.07		–
Income during trial run :					
Sale of Power	(C)		149.89		–
Total additions during the year	**D= (A+B-C)**		**7039.62**		**1546.72**
Balance brought forward					
Plant and equipment/ Civil work-in-progress	(E)		510.98		42.55
	F = (D+E)		**7550.60**		**1589.27**
Capitalised during the year	(G)		7520.47		1078.29
Capital work-in-progress at the end of the year	**H= (F-G)**		**30.13**		**510.98**

Notes forming part of the Consolidated Financial Statements

Note No : 13 **Non - current investments**

Particulars	Face value	As at 31st March, 2014 No. of units	As at 31st March, 2014 ₹ in Lacs	As at 31st March, 2013 No. of units	As at 31st March, 2013 ₹ in Lacs
Long term					
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
(Sold during the year)					
Add: Share of profit			–		7.09
			–		146.28
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	4050000	4050.00
Total (A)			**4062.43**		**4208.71**
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			11.59		10.60
(Deposited with Government authorities)					
Total (B)			**12.33**		**11.34**
Total (A + B)			**4074.76**		**4220.05**
Aggregate amount of unquoted investments			4074.76		4220.05

$ Unsecured, non-convertible 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% for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

* Shares are suspended for Trading by the Stock Exchanges.

@ Shown as Nil due to rounding off.

Notes forming part of the Consolidated Financial Statements

Note No : 14 **Long-term loans and advances** *(Unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Capital advances		220.21		555.33
Security deposits		70.57		53.83
Other loans and advances				
Advances to suppliers and others				
Considered doubtful	234.43		230.54	
Less: Provision for doubtful advance	234.43		230.54	
	–		–	
Advance tax	5000.28		–	
Less : Provision for taxation	4216.00		–	
	784.28		–	
MAT credit entitlement	5642.00		5642.00	
Prepaid expenses	27.72		25.19	
Duties and taxes paid under protest	365.26	6819.26	342.41	6009.60
		7110.04		**6618.76**

Note No : 15 **Other non-current assets** *(Unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Trade receivables				
Considered doubtful	99.29		96.73	
Less : Provision for doubtful debts	99.29	–	96.73	–
Fixed deposits with banks				
(Non current portion of original maturity period more than 12 months)				
For Molasses storage fund (Earmarked)	20.10		21.50	
Pledged with excise authorities	30.02	50.12	45.01	66.51
Interest accrued but not due				
Fixed deposits with banks	7.84		7.88	
National saving certificates	4.93	12.77	3.67	11.55
Claims receivable		17030.19		17030.19
Fixed assets held for disposal		15.37		–
		17108.45		**17108.25**

Notes forming part of the Consolidated Financial Statements

Note No : 16 **Inventories** *(Valued at lower of cost and net realisable value, unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Raw materials		2927.64		3225.26
Packing materials		379.99		460.41
Work-in-progress				
Sugar	2798.43		3271.08	
Molasses	174.41		217.16	
Organic manure	30.90	3003.74	51.61	3539.85
Finished goods				
Sugar	189841.07		168009.14	
Industrial alcohol	2627.16		2162.74	
Banked power	79.60		58.29	
Organic manure	72.23	192620.06	18.88	170249.05
Stores and spares	4700.86		5061.90	
Add: Goods-in-transit	165.01	4865.87	115.47	5177.37
Loose tools		340.77		359.10
Crop/ Standing crop *		12.59		12.45
By-products*		5078.20		5633.61
		209228.86		**188657.10**

* Valued at net realisable value.

Note No : 17 **Trade receivables** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Outstanding for a period exceeding six months from due date		28.38		51.83
Others		6377.29		18085.91
		6405.67		**18137.74**

Note No : 18 **Cash and bank balances** *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Cash and cash equivalents				
Balances with banks				
On current accounts	13755.93		569.77	
Cheques on hand	–		919.47	
Cash on hand	105.62		133.80	
Short term, highly liquid investments in mutual funds	–	13861.55	17000.00	18623.04
Other bank balances				
Earmarked balances				
Fixed deposits for molasses storage fund				
Current portion of original maturity period more than 12 months	16.06		3.60	
Original maturity period upto 12 months	56.21		34.74	
	72.27		38.34	
Unpaid dividend accounts	102.87	175.14	120.34	158.68
Fixed deposits pledged with excise authorities and bank/deposited with a Government undertaking				
Current portion of original maturity period more than 12 months	15.00		5.00	
Original maturity period upto 12 months*	300.00	315.00	334.26	339.26
Balances with post office		–		0.56
		14351.69		**19121.54**
* Includes under lien with bank for swap contract (₹ in lacs)		300.00		300.00

Notes forming part of the Consolidated Financial Statements

Note No : 19 **Short-term loans and advances** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Security deposits		44.72		140.61
Other loans and advances				
Intercorporate deposits	920.00		12370.00	
Advances to suppliers and others	931.96		1561.90	
Cenvat, Vat and other taxes/duties	590.35		874.04	
Prepaid expenses	342.42	2784.73	298.77	15104.71
		2829.45		**15245.32**

Note No : 20 **Other current assets** *(Unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Interest accrued but not due on				
Debentures	–		182.25	
Inter corporate deposits	310.62		188.02	
Fixed deposits with banks	9.34		10.92	
Others	2.79	322.75	2.19	383.38
Claims receivable		2015.55		7.30
Income tax refundable		–		0.03
		2338.30		**390.71**

Notes forming part of the Consolidated Financial Statements

Note No : 21 **Revenue from operations** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Sale of goods (Gross)				
Sugar	220974.47		290047.62	
Industrial alcohol	26950.06		19892.67	
Power	22860.55		21843.61	
Organic manure	584.51		491.34	
Molasses	2882.97		5289.39	
Renewable energy certificates	462.78		–	
Others	1155.54	275870.88	838.40	338403.03
Other operating revenue		–		–
Revenue from operations (Gross)		**275870.88**		**338403.03**
Less : Excise duty on sale of goods		9376.45		10919.00
Revenue from operations (net)		**266494.43**		**327484.03**

Note No : 22 **Other income** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest income				
Long term investments				
Debentures	202.50		202.50	
National saving certificates	1.12		1.01	
	203.62		203.51	
Inter corporate deposits	136.22		1450.80	
Fixed deposits with banks	33.67		33.02	
Income tax refund	140.03		6.13	
Others	16.55	530.09	7.54	1701.00
Net gain on sale of highly liquid investments (treated as cash equivalent)		98.98		70.08
Profit on sale of long term investments		84.80		–
Profit from dealing in commodities		3.61		–
Other non-operating income				
Insurance claims	307.04		134.25	
Profit on sale of fixed assets	58.36		9.89	
Unspent liabilities/balances written back	1425.28		2138.27	
Provisions for doubtful debts/advances written back	17.25		2.42	
Provision for contingency written back	–		0.05	
Storage fund for molasses written back	–		12.82	
Profit from farm accounts [Refer Note No.29(6)]	2.86		7.87	
Miscellaneous	154.61	1965.40	151.39	2456.96
		2682.88		**4228.04**

Note No : 23 **Cost of material consumed** (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Sugar cane		223810.10		237843.23
Molasses		1970.20		1412.22
Bagasse		1460.34		1602.38
Pressmud		37.05		34.90
Others		222.41		198.22
		227500.10		**241090.95**

Notes forming part of the Consolidated Financial Statements

Note No : 24 Changes in inventories of finished goods, by-products and work-in-progress (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Finished goods				
Opening stock				
Sugar	168009.14		181631.37	
Industrial alcohol	2162.74		2053.66	
Banked power	58.29		73.27	
Organic manure	18.88	170249.05	43.56	183801.86
Add: Acquired on merger [Refer Note No.29(15)]				
Sugar		2556.38		–
Less : Closing stock				
Sugar	189841.07		168009.14	
Industrial alcohol	2627.16		2162.74	
Banked power	79.60		58.29	
Organic manure	72.23	192620.06	18.88	170249.05
Total (A)		**(19814.63)**		**13552.81**
By-products				
Opening stock		5633.61		6241.98
Add: Acquired on merger [Refer Note No.29(15)]		118.38		–
Less : Closing stock		5078.20		5633.61
Total (B)		**673.79**		**608.37**
Work- in-progress				
Opening stock				
Sugar	3271.08		1278.87	
Molasses	217.16		58.19	
Organic manure	51.61	3539.85	37.66	1374.72
Add: Acquired on merger [Refer Note No.29(15)]				
Sugar	6.21		–	
Molasses	0.15	6.36	–	–
Less : Closing stock				
Sugar	2798.43		3271.08	
Molasses	174.41		217.16	
Organic manure	30.90	3003.74	51.61	3539.85
Total (C)		**542.47**		**(2165.13)**
Total (A+B+C)		**(18598.37)**		**11996.05**
Less : Excise duty on stock *		(188.20)		1191.55
		(18410.17)		**10804.50**

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

Note No : 25 Employee benefits expenses (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Salaries and wages		12263.77		11298.83
Contribution to provident and other funds		1608.41		1356.13
Employee stock option scheme		(3.92)		(3.74)
Staff welfare expense		301.91		294.60
		14170.17		**12945.82**

Note No : 26 Finance costs (₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest expense				
On long term borrowings	3417.79		6808.34	
On short term borrowings	8179.81		7513.44	
Others *	25.38	11622.98	33.04	14354.82
Other borrowing costs		161.28		31.88
		11784.26		**14386.70**
* Includes interest for shortfall in payment of advance income-tax (₹ in lacs)		16.00		–

Notes forming part of the Consolidated Financial Statements

Note No : 27 **Depreciation and amortisation expenses** *(₹ in Lacs)*

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Depreciation and amortisation of tangible assets *		10936.17		10816.27
Amortisation of intangible assets *		22.12		22.71
		10958.29		**10838.98**

* Refer Note No.12

Note No : 28 **Other expenses** *(₹ in Lacs)*

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Consumption of stores and spare parts		2228.56		2118.39
Packing materials		3709.78		4345.11
Power and fuel		469.37		453.25
Rent		56.43		51.60
Repairs				
Buildings	279.69		314.62	
Machinery	4526.64		4606.04	
Others	282.24	5088.57	314.78	5235.44
Insurance		424.32		351.70
Rates and taxes (excluding taxes on income)		256.50		196.65
Commission to non-whole time directors		–		25.00
Payments to auditor				
As auditor for statutory audit	25.21		25.21	
For tax audit	9.00		9.00	
For management services	–		4.40	
For other services (Limited reviews & certifications)	12.80		10.46	
For reimbursement of expenses	4.47	51.48	2.52	51.59
Cost audit fees		3.50		3.00
Net loss on foreign currency transactions and translations		1027.60		690.90
Charity and donation		137.32		427.54
Directors' fees		6.00		5.35
Miscellaneous expenses		6552.82		6523.32
Loss on sale/discard of fixed assets		618.49		162.16
Sundry debit balances/advances written off		769.01		–
Transfer to storage fund for molasses		19.26		23.86
Provision for doubtful debts, loans and advances		6.55		–
Provision for contingency		0.10		–
Prior period expenses *		2.97		0.44
		21428.63		**20665.30**
* Includes				
Cost of material consumed		0.66		–
Power & fuel		–		0.32
Rent		–		0.09
Repairs (Machinery)		0.02		–
Miscellaneous expenses		2.29		0.03
		2.97		**0.44**

Note No : 29 **Other disclosures**

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

(₹ *in Lacs)*

Particulars	As at 31st March, 2014	As at 31st March, 2013
a) Contingent liabilities :		
i) Claims against the Company not acknowledged as debts :		
a) Excise duty demand - under appeal	311.37	347.42
b) Sales tax demand - under appeal	11.10	10.02
c) Others - under appeal/litigation	863.53	813.78
	1186.00	**1171.22**
ii) Claims for acquisition of 1.99 acres of land for the Distillery 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 reimbursement in respect of 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	570.34	2945.98
ii) Advance paid against above	220.21	555.33

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, 2013	49.76	0.53	50.29
Provided during the year	–	0.10	0.10
Amount used during the year	–	–	–
Reversed during the year	–	–	–
Balance as at 31st March, 2014	**49.76**	**0.63**	**50.39**
Balance as at 1st April, 2012	49.76	0.58	50.34
Provided during the year	–	–	–
Amount used during the year	–	–	–
Reversed during the year	–	0.05	0.05
Balance as at 31st March, 2013	**49.76**	**0.53**	**50.29**

Other provisions for contingencies as referred to above represent 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/uncertainities relating to the utilisation /reversal 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 reimbursements in respect of the above provisions.

Note No : 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.	Description	2013-14	2012-13
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	16.52	18.54
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.36	0.06
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	0.65	0.08
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	2.44	0.59
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year*	2.80	0.65
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	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Note No. 9 and 10.

4. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. The details of Options granted, lapsed and exercised as at 31st March, 2014 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 31.03.2013	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 31.03.2013	447500	653500	821000	1157000	1146350	4225350
Number of Options lapsed upto 31.03.2013	162000	210000	139500	81000	111000	703500
Number of Options outstanding on 01.04.2013	13000	19500	35000	42000	207150	316650
Number of Options granted during the year	–	–	–	–	–	–
Number of Options exercised during the year	–	–	–	–	–	–
Number of Options lapsed during the year	–	–	–	–	10500	10500
Number of Options outstanding on 31.03.2014	13000	19500	35000	42000	196650	306150

Note : Refer Director's Report for other disclosures.

5. 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.

Note No : 29 Other disclosures *(Contd...)*

6. Details of Profit from Farm Accounts :

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Income		
Sales	32.85	41.82
Rent	–	0.10
Closing stock of crop/standing crop	12.59	12.45
	45.44	**54.37**
Expenses		
Opening stock of standing crop	12.45	18.07
Cane seeds purchase	3.36	3.26
Fertilisers and manures	7.14	4.04
Salaries and wages	7.70	7.53
Power and fuel	1.68	2.45
Rent	–	0.66
Irrigation and cultivation expenses	7.65	7.54
Repairs - others	1.14	1.67
Miscellaneous expenses	1.46	1.28
	42.58	**46.50**
Profit from Farm Accounts	**2.86**	**7.87**

7. Earnings per Share - The numerators and denominators used to calculate Basic / Diluted Earnings per Share :

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Amount used as the numerator (₹ in lacs)		
Profit after Tax, Minority Interest and Share of Associate - (A)	**845.77**	**16130.09**
b) Weighted average number of Equity Shares outstanding used as the denominator for computing Basic Earnings per Share - (B)	244840817	244313923
Add : Weighted average number of Equity Shares on account of Employee Stock Option Scheme	122112	126874
c) Weighted average number of Equity Shares outstanding used as the denominator for computing Diluted Earnings per Share - (C)	244962929	244440797
d) Nominal value of Equity Shares (₹)	1.00	1.00
e) Basic Earnings per Share (₹) (A/B)	0.35	6.60
f) Diluted Earnings per Share (₹) (A/C)	0.35	6.60

8. Under the New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh, the Company had accounted for recoverable incentives aggregating to ₹16900.57 lacs and had availed remissions in respect of Entry Tax on Sugar, Administrative Charges on Molasses, Trade Tax on Molasses and Cane Purchase Tax aggregating ₹8267.19 lacs till 31st March, 2012.

The above policy was terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007. 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 final hearing of which is yet to be completed. As an interim measure, the Order permits limited protection of remission of taxes.

Accordingly, during the year, the Company has accounted for only remissions of taxes of ₹825.35 lacs (Previous year ₹2373.70 lacs). Eligible reimbursements of ₹2429.72 lacs for the year (Previous year ₹4505.98 lacs) will be accounted for in accordance with the final order of the Hon'ble High Court.

Even though the Company's aforesaid writ petition is pending in Hon'ble Allahabad High Court, in the assessment of Entry Tax on Sugar and Trade Tax on Molasses for the years 2008-09, 2009-10 and 2010-11, a sum of ₹992.22 lacs and ₹177.67 lacs respectively aggregating to ₹1169.89 lacs has been determined by the assessing officer as Company's liability for two of its units namely Kumbhi and Gularia though these units are also eligible under the aforesaid incentive scheme. However, no demand has been raised on the Company by the assessing officer in view of limited protection of remission of taxes granted by Hon'ble High Court as aforesaid. Based on the same, the Company neither considers the aforesaid amount of ₹1169.89 lacs as a liability or a contingent liability.

Note No : 29 **Other disclosures** *(Contd...)*

9. The Company is eligible to receive Government grants by way of reimbursement of society commission and interest subvention on certain term loans. Accordingly, the company has recognised these Government grants in the following manner: *(₹ in Lacs)*

Sl. No.	Particulars	Treatment in Accounts	2013-14	2012-13
i)	Society commission	Deducted from cost of material consumed	4450.93	–
ii)	Interest on term loan	Deducted from interest expense on long term borrowings	60.81	–
		Deducted from the respective capital expenditure	45.30	–
			4557.04	–

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, 2014	Year ended 31st March, 2013
Employer's Contribution to Provident Fund	578.51	512.15
Employer's 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 ₹11.63 lacs (Previous year ₹8.99 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)*

	2013-14		2012-13	
Particulars	Gratuity	Provident Fund	Gratuity	Provident Fund
I. Components of Employer Expense :				
1 Current Service Cost	241.26	138.99	206.70	137.48
2 Past Service Cost	–	–	–	–
3 Interest Cost	230.55	259.57	195.85	220.21
4 Expected return on Plan Assets	244.11	238.80	192.99	205.09
5 Actuarial (Gain) /Loss recognised in the year	322.08	55.54	88.35	35.91
6 Expense recognised in the Statement of Profit and Loss	549.78	215.30	297.91	188.51

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Particulars	2013-14		2012-13	
	Gratuity	Provident Fund	Gratuity	Provident Fund
II. Change in Present Value of Defined Benefit Obligation :				
1 Present value of Defined Benefit Obligation at the beginning of the year	2789.78	2928.90	2412.35	2526.57
2 Acquisition Adjustment	154.34	–	–	6.22
3 Interest Cost	230.55	259.57	195.85	220.21
4 Past Service Cost	–	–	–	–
5 Current Service Cost	241.26	138.99	206.70	137.48
6 Employees Contribution	–	149.48	–	149.35
7 Benefits Paid	309.80	213.14	216.57	158.67
8 Actuarial (Gain) / Loss	114.06	68.58	191.45	47.74
9 Present value of Defined Benefit Obligation at the end of the year	3220.19	3332.38	2789.78	2928.90
III. Change in Fair Value of Plan Assets during the year :				
1 Plan Assets at the beginning of the year	2789.78	2877.08	2412.35	2525.77
2 Acquisition Adjustment	–	4.87	–	6.22
3 Expected return on Plan Assets	244.11	238.80	192.99	205.09
4 Contributions paid	549.78	288.47	297.91	286.83
5 Benefits paid	309.80	213.14	216.57	158.67
6 Actuarial Gain / (Loss)	(53.68)	13.04	103.10	11.84
7 Plan Assets at the end of the year	3220.19	3209.12	2789.78	2877.08
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end:				
1 Present value of Defined Benefit Obligation	3220.19	3332.38	2789.78	2928.90
2 Fair value of Plan Assets	3220.19	3209.12	2789.78	2877.08
3 Funded Status [Surplus/(Deficit)]	–	(123.26)	–	(51.82)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(123.26)	–	(51.82)
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	8.75	8.75	8.50	8.50
2 Expected return on Plan Assets (per annum) %	8.75	8.30	8.00	8.12
3 Expected Rate of Salary increase %	5.50	5.50	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60	60	60
5 Mortality Rates	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	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	81%	–	79%	–
2 Public Financial Institutions / Public Sector Companies bonds	8%	42%	8%	44%
3 Central / State Government Securities	10%	47%	12%	46%
4 Private sector bonds	–	11%	–	10%
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	435.00	152.00	374.85	151.00

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.

Note No : 29 **Other disclosures** *(Contd...)*

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

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 30th September, 2009
Gratuity					
Present value of defined benefit obligation	3220.19	2789.78	2412.35	2202.78	1691.56
Fair value of plan assets	3220.19	2789.78	2412.35	2202.78	1601.90
(Deficit)/Surplus	–	–	–	–	(89.66)
Experience adjustments of plan assets Gain/(Loss)	(53.68)	103.10	(99.37)	(21.92)	(23.16)
Experience adjustments of Obligation (Gain)/Loss	114.06	191.45	2.36	183.64	43.75
Provident Fund					
Present value of defined benefit obligation	3332.38	2928.90	2526.57	2199.02	1887.79
Fair value of plan assets	3209.12	2877.08	2525.77	2152.92	1881.25
(Deficit)/Surplus	(123.26)	(51.82)	(0.80)	(46.10)	(6.54)
Experience adjustments of plan assets Gain/(Loss)	13.04	11.84	(3.85)	111.32	(6.46)
Experience adjustments of Obligation (Gain)/Loss	68.58	47.44	(44.36)	149.77	(24.73)

b) **Details of unfunded post retirement Defined Obligations are as follows:** *(₹ in Lacs)*

Particulars	Leave Encashment (Unfunded)	
	2013-14	2012-13
I. Components of Employer Expense :		
1 Current Service Cost	25.77	40.56
2 Past Service Cost	–	–
3 Interest Cost	18.60	16.82
4 Expected return on Plan Assets	–	–
5 Actuarial (Gain) /Loss recognised in the year	43.63	11.50
6 Expense recognised in the Statement of Profit and Loss	88.00	68.88
II. Change in Present Value of Defined Benefit Obligation :		
1 Present value of Defined Benefit Obligation at the beginning of the year	246.03	218.71
2 Interest Cost	18.60	16.82
3 Past Service Cost	–	–
4 Current Service Cost	25.77	40.56
5 Benefits Paid	66.94	41.56
6 Actuarial (Gain) / Loss	43.63	11.50
7 Present value of Defined Benefit Obligation at the end of the year	267.09	246.03
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end:		
1 Present value of Defined Benefit Obligation	267.09	246.03
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(267.09)	(246.03)
4 Net Asset / (Liability) recognised in Balance Sheet	(267.09)	(246.03)
IV. Actuarial Assumptions :		
1 Discount Rate (per annum) %	8.75	8.50
2 Expected return on Plan Assets (per annum) %	–	–
3 Expected Rate of Salary increase %	5.50	5.00
4 Retirement/Superannuation Age (Year)	60	60
5 Mortality Rates	IALM 2006-08 Ultimate	LICI 1994-1996
V. Expected Employer's Contribution for the next year :		
Expected Employer's Contribution for the next year	49.00	29.21

Note No : 29 **Other disclosures** *(Contd...)*

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.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”.

c) **Information about Primary Business Segments:**

(₹ in Lacs)

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Revenue						
Gross sales	**243752.83**	**27105.29**	**32705.80**	**584.51**	**–**	**304148.43**
	(310302.71)	(20044.69)	(30210.91)	(491.70)	(-)	(361050.01)
Less : Inter segment sales	**18953.40**	**6.45**	**9317.70**	**–**	**–**	**28277.55**
	(14273.56)	(5.76)	(8367.30)	(0.36)	(-)	(22646.98)
External sales	**224799.43**	**27098.84**	**23388.10**	**584.51**	**–**	**275870.88**
	(296029.15)	(20038.93)	(21843.61)	(491.34)	(-)	(338403.03)
Less : Excise duty on external sales	**7385.63**	**1990.82**	**–**	**–**	**–**	**9376.45**
	(9540.98)	(1378.02)	(-)	(-)	(-)	(10919.00)
Net sales	**217413.80**	**25108.02**	**23388.10**	**584.51**	**–**	**266494.43**
	(286488.17)	(18660.91)	(21843.61)	(491.34)	(-)	(327484.03)
Add : Allocable other income	**1217.30**	**66.35**	**239.80**	**9.41**	**–**	**1532.86**
	(432.49)	(1949.11)	(36.78)	(21.40)	(-)	(2439.78)
Total Revenue	**218631.10**	**25174.37**	**23627.90**	**593.92**	**–**	**268027.29**
	(286920.66)	(20610.02)	(21880.39)	(512.74)	(-)	(329923.81)
Result						
Segment result	**(10848.83)**	**11622.07**	**15196.17**	**68.92**	**–**	**16038.33**
	(12660.65)	(9683.04)	(15484.11)	(111.14)	(-)	(37938.94)
Less:						
Unallocable expenditure net of unallocable					**2508.04**	**2508.04**
income					(2572.42)	(2572.42)
Finance costs					**11784.26**	**11784.26**
					(14386.70)	(14386.70)
Profit before tax						**1746.03**
						(20979.82)
Tax						
Current tax (MAT)						**360.00**
						(4240.00)
Deferred tax						**3390.36**
						(612.72)
Income tax provision for earlier years written back						**(2847.05)**
						(-)
Profit after tax						**842.72**
						(16127.10)

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Other information						
Segment assets	**311907.10**	**17043.88**	**53110.76**	**1300.84**	**32540.36**	**415902.94**
	(294818.49)	(17048.60)	(60347.66)	(1307.64)	(48803.75)	(422326.14)
Segment liabilities	**106380.08**	**914.88**	**852.29**	**186.35**	**33226.77**	**141560.37**
	(74335.70)	(786.81)	(236.06)	(138.90)	(38930.44)	(114427.91)
Capital expenditure	**945.13**	**683.20**	**5993.52**	**1.33**	**153.17**	**7776.35**
	(1089.78)	(587.30)	(636.12)	(-)	(135.11)	(2448.31)
Depreciation and amortisation	**6743.05**	**813.27**	**3254.20**	**59.75**	**88.02**	**10958.29**
	(6526.37)	(822.07)	(3371.27)	(61.32)	(57.95)	(10838.98)
Non cash expenses other than depreciation and amortisation	**1015.60**	**37.47**	**697.75**	**11.95**	**178.29**	**1941.06**
	(238.63)	(0.18)	(420.39)	(-)	(24.40)	(683.60)

Notes :

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

ii) Unallocable expenses are net of unallocable income ₹1150.02 lacs (Previous year ₹1788.26 lacs).

iii) Inter segment sales include excise duty ₹1590.57 lacs (Previous year ₹879.37 lacs).

iv) Figures in brackets pertain to previous year.

d) Information about Secondary Geographical Segments : There is no secondary segment.

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. (Upto 02.03.2014)

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) - Chairman Emeritus
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 over which KMP and their relatives have substantial interest / significant influence:

1. Meenakshi Mercantiles Ltd.
2. Udaipur Cotton Mills Co. Ltd.
3. Novel Suppliers Pvt. Ltd.
4. Balrampur Institute of Vocational Aid
5. Balrampur Foundation
6. Kamal Nayan Saraogi (HUF)
7. Vivek Saraogi (HUF)
8. Kishor Shah (HUF)

Note No : 29 **Other disclosures** *(Contd...)*

b) Transactions with related parties :

(₹ in Lacs)

Nature of transaction / Name of the related party	Associate	Enterprises over which KMP and their relatives have substantial interest/ signnificant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Investments sold during the year in					
VA Friendship Solar Park Pvt.Ltd.	234.14	–	–	–	234.14
	(–)	(–)	(–)	(–)	(–)
ii) Receiving of Services					
Smt. Meenakshi Saraogi	–	–	204.36	–	204.36
	(–)	(–)	(332.23)	(–)	(332.23)
Shri Vivek Saraogi	–	–	168.84	–	168.84
	(–)	(–)	(318.87)	(–)	(318.87)
Shri Kishor Shah	–	–	56.13	–	56.13
	(–)	(–)	(84.65)	(–)	(84.65)
Dr. Arvind Krishna Saxena	–	–	18.42	–	18.42
	(–)	(–)	(16.62)	(–)	(16.62)
iii) Dividend Paid to Shareholders					
Smt. Meenakshi Saraogi	–	–	284.89	–	284.89
	(–)	(–)	(–)	(–)	(–)
Shri Vivek Saraogi	–	–	761.65	–	761.65
	(–)	(–)	(–)	(–)	(–)
Shri Kishor Shah	–	–	0.81	–	0.81
	(–)	(–)	(–)	(–)	(–)
Dr. Arvind Krishna Saxena	–	–	0.36	–	0.36
	(–)	(–)	(–)	(–)	(–)
Smt. Sumedha Saraogi	–	–	–	195.98	195.98
	(–)	(–)	(–)	(–)	(–)
Shri Karan Saraogi	–	–	–	78.93	78.93
	(–)	(–)	(–)	(–)	(–)
Miss Avantika Saraogi	–	–	–	74.93	74.93
	(–)	(–)	(–)	(–)	(–)
Smt. Stuti Dhanuka	–	–	–	100.24	100.24
	(–)	(–)	(–)	(–)	(–)
Meenakshi Mercantiles Ltd.	–	171.54	–	–	171.54
	(–)	(–)	(–)	(–)	(–)
Udaipur Cotton Mills Co. Ltd.	–	131.19	–	–	131.19
	(–)	(–)	(–)	(–)	(–)
Novel Suppliers Pvt. Ltd.	–	40.00	–	–	40.00
	(–)	(–)	(–)	(–)	(–)
Kamal Nayan Saraogi (HUF)	–	157.25	–	–	157.25
	(–)	(–)	(–)	(–)	(–)
Vivek Saraogi (HUF)	–	3.40	–	–	3.40
	(–)	(–)	(–)	(–)	(–)
Kishor Shah (HUF)	–	0.10	–	–	0.10
	(–)	(–)	(–)	(–)	(–)

Note No : 29 **Other disclosures** *(Contd...)*

(₹ in Lacs)

Nature of transaction / Name of the related party	Associate	Enterprises over which KMP and their relatives have substantial interest/ signnificant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iv) Donation paid					
Balrampur Institute of Vocational Aid	–	**45.30**	–	–	**45.30**
	(–)	(349.50)	(–)	(–)	(349.50)
Balrampur Foundation	–	**29.15**	–	–	**29.15**
	(–)	(28.75)	(–)	(–)	(28.75)
iv) Balance Outstanding					
Accounts payable					
Smt. Meenakshi Saraogi	–	–	–	–	–
	(–)	(–)	(150.00)	(–)	(150.00)
Shri Vivek Saraogi	–	–	–	–	–
	(–)	(–)	(150.00)	(–)	(150.00)
Shri Kishor Shah	–	–	–	–	–
	(–)	(–)	(39.00)	(–)	(39.00)

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) Figures in brackets pertain to previous year.

13. Derivative Instruments

The Company has entered into derivative contracts to hedge the interest rate and currency risks. The details of derivative contracts entered for hedging purposes and outstanding as at the date of the Balance Sheet are as under:

(₹ in Lacs)

Particulars	Outstanding amount of exposure hedged	
	As at 31st March, 2014	As at 31st March, 2013
Swaps	4998.82	10205.38

14. The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) has permitted, transfer of 20% equity shares of Indo Gulf Industries Ltd. (IGIL) held by the Company as well as induction of co-promoter/strategic investor in IGIL, under a Modified Draft Rehabilitation Scheme (MDRS) to be approved by the Hon'ble BIFR. After the said transfer of shares, IGIL will cease to be a subsidiary of the Company.

15. a) Pursuant to the sanction of the Modified Rehabilitation Scheme containing the Scheme of Merger between Khalilabad Sugar Mills Pvt. Ltd. (KSMPL), a sick Company and the Company, by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 14th August, 2013, KSMPL i.e., the Amalgamating Company stands merged with the Company with effect from the appointed date i.e., 1st April, 2012.

b) The Amalgamating Company is engaged in the manufacturing of sugar.

c) The aforesaid Scheme of Merger has become effective on filing the certified copy of the Order dated 14th August, 2013 passed by the Hon'ble BIFR with the Registrar of Companies, Uttar Pradesh, and also with the Registrar of Companies, West Bengal, on 26th September, 2013.

Note No : 29 **Other disclosures** *(Contd...)*

d) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14), "Accounting for Amalgamations". Pursuant to the Scheme, the Company has recorded in its books all the Assets and Liabilities pertaining to the Amalgamating Company at values as appearing in the books of the Amalgamating Company as at the appointed date after giving effect of the Scheme.

e) In consideration of the merger of the Amalgamating Company, the Company has issued 526894 Equity Shares of ₹1/- each fully paid-up (constituting 0.22% of Equity Capital of the Company) to the Shareholders of KSMPL in the ratio of 1 Equity Share of ₹1/- fully paid-up of the Company for every 20 Equity Shares of ₹10/- each in KSMPL.

f) The loss of KSMPL pertaining to 2012-13 i.e. from the appointed date till the end of the Company's previous year ended 31st March, 2013, amounting to ₹2616.09 lacs has also been recognised in the current year under Note No.3(h).

g) For the reason of accounting for the loss of KSMPL for the period 1st April, 2012 to 31st March, 2013 in the current year, the effect of inventories acquired on merger amounting to ₹3097.49 lacs as on 1st April, 2012 as per the details given hereunder has been included in the aforesaid amount of the loss and hence the inventories acquired on merger stated in Note No. 24 represents the amount thereof as at 1st April, 2013:

(₹ in Lacs)

Particulars	Inventories acquired on merger as on 1st April, 2012		Inventories as shown in Note No.24 as at 1st April, 2013	
Finished goods				
Sugar		2992.48		2556.38
By-products		99.56		118.38
Work- in-progress				
Sugar	5.31		6.21	
Molasses	0.14	5.45	0.15	6.36
		3097.49		**2681.12**

h) For the purpose of uniform accounting policies and to align with the method and rates adopted for calculating depreciation, the Company has followed straight line method and rates of depreciation in respect of the Fixed Assets of the Amalgamating Company. The resultant write back on this account has been credited in the Amalgamation Reserve Account. The details of all adjustments carried through Amalgamation Reserve Account as per the provisions of the Scheme of Merger are given below:-

Particulars		**(₹ in Lacs)**
i) Write back on account of depreciation		1360.68
ii) Debit balance of Statement of Profit and Loss of amalgamating company		10725.94
iii) Excess of assets over liabilities		261.18
		12347.80
Less:		
i) Cancellation of Intercorporate deposit to amalgamating company	9800.00	
ii) Capital reserve of amalgamating company	128.02	
iii) Storage fund for molasses taken over	5.31	
iv) Amalgamation expenses incurred	28.26	9961.59
		2386.21
Less : Equity shares issued		5.27
Balancing figure transferred to General reserve as per Scheme		**2380.94**

Had the Scheme not prescribed the above accounting treatment, the balancing figure in Amalgamation Reserve would have been credited to Capital Reserve in accordance with Accounting Standard 14.

i) Figures for the current year include all the assets and liabilities and the revenues and expenses pertaining to KSMPL as mentioned above. The previous year figures do not include the figures in respect of KSMPL. Therefore, the figures of the current financial year are not comparable with those of the previous year.

Note No : 29 **Other disclosures** *(Contd...)*

16. Other notes in respect of a Subsidiary Company (Indo Gulf Industries Ltd.):

(i) 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 assets located at the 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 year ₹8.03 lacs) is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.

(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.

17. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration No. - 302082E

Sd/-
(CA. Ajay Agrawal)
Partner
Membership No. 17643

Place: Kolkata
Date: 12th May, 2014

For and on behalf of the Board of Directors

Sd/-
S. K. Agrawala
Company Secretary

Sd/-
Kishor Shah
Director cum Chief Financial Officer

Sd/-
Vivek Saraogi
Managing Director

Notes

Notes

Balrampur Chini Mills Limited
CIN: L15421WB1975PLC030118
Registered Office: FMC Fortuna, 2nd Floor, 234/3A,
A.J.C. Bose Road, Kolkata – 700 020, Phone: (033)22874749,
Fax: (033)22873083, Email: bcml@bcml.in, Website: www.chini.com

ATTENDANCE SLIP

Name of the Shareholder / Proxy:			
Address:			
Email-Id:			
Folio No./Client ID:		DP ID:	

I hereby record my presence at the **38th Annual General Meeting** of the Company held on Thursday, the 7th August, 2014 at 10.30 am at 'Vidya Mandir', 1, Moira Street, Kolkata – 700017.

Signature of Shareholder / Proxy

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN

Balrampur Chini Mills Limited
CIN: L15421WB1975PLC030118
Registered Office: FMC Fortuna, 2nd Floor, 234/3A,
A.J.C. Bose Road, Kolkata – 700 020, Phone: (033)22874749,
Fax: (033)22873083, Email: bcml@bcml.in, Website: www.chini.com

FORM NO. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):			
Registered Address:			
Email-Id:			
Folio No./Client ID:		DP ID:	

I/We, being the member (s) of ……………………………………………… shares of the above named company, hereby appoint :

1. Name: …………………………………… Address:……………………………………………………………………………………………………
   E-mail Id: …………………………………………………… Signature:……………………………………………………………………, or failing him;
2. Name: …………………………………… Address:……………………………………………………………………………………………………
   E-mail Id: …………………………………………………… Signature:……………………………………………………………………, or failing him;
3. Name: …………………………………… Address:……………………………………………………………………………………………………
   E-mail Id: …………………………………………………… Signature:……………………………………………………………………, or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **38th Annual General Meeting** of the company, to be held on Thursday the 7th August, 2014 at 10.30 a.m. at Vidya Mandir, 1, Moira Street, Kolkata 700017and at any adjournment thereof in respect of such resolutions as are indicated below:

P.T.O.

Sl. No.	Resolution	Optional	
	Ordinary Business	For	Against
1.	Adoption of Financial Statements for the year ended 31st March, 2014		
2.	Re-appointment of Shri Kishor Shah who retires by rotation		
3.	Re-appointment of M/s G.P. Agrawal & Co., Chartered Accountants, as Statutory Auditors and fixing their remuneration		
Special Business			
4.	Appointment of Shri Dinesh Kumar Mittal as an Independent Director		
5.	Appointment of Shri Krishnava Dutt as an Independent Director		
6.	Appointment of Shri Naresh Chandra as an Independent Director		
7.	Appointment of Shri Ram Kishore Choudhury as an Independent Director		
8.	Appointment of Shri Rangarajan Vasudevan as an Independent Director		
9.	Appointment of Shri R.N. Das as an Independent Director		
10.	Re-appointment of Shri Vivek Saraogi as Managing Director		
11.	Re-appointment of Smt. Meenakshi Saraogi as Jt. Managing Director		
12.	Re-appointment of Dr. Arvind Krishna Saxena as Wholetime Director		
13.	Ratification of remuneration of Cost Auditor		
14.	Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing not exceeding Rs.2000 crores outstanding at any time over and above the aggregate of the paid up capital and free reserves of the company.		
15.	Approval under Section 180(1)(a) of the Companies Act, 2013 to mortgage, hypothecate or in any other way create charge in favour of the lenders all or any of the movable and/or immovable properties of the company		

Signed this.. day of.................. 2014

Signature of shareholder:

Signature of Proxy holder(s):

Please
Affix
Revenue
Stamp

Notes: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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*
D. K. Mittal (IAS Retd.), *Director*
Krishnava Dutt, *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. N. Das, *Chairman*
R. K. Choudhury, *Vice Chairman*
Naresh Chandra
D. K. Mittal
Vivek Saraogi

Nomination and Remuneration Committee
D. K. Mittal, *Chairman*
Naresh Chandra
R. K. Choudhury
R. Vasudevan
R. N. Das

CSR Committee
Naresh Chandra, *Chairman*
R. K. Choudhury
R. Vasudevan
D.K. Mittal
Vivek Saraogi

Stakeholders Relationship Committee
R. K. Choudhury, *Chairman*
R. N. Das
Krishnava Dutt
Vivek Saraogi

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 divisions)
Dist: Balrampur, Uttar Pradesh

Unit 2: Babhnan
(Including distillery, organic manure and co-generation divisions)
Dist: Gonda, Uttar Pradesh

Unit 3: Tulsipur
Dist: Balrampur, Uttar Pradesh

Unit 4: Haidergarh
(Including co-generation division)
Dist: Barabanki, Uttar Pradesh

Unit 5: Akbarpur
(Including co-generation division)
Dist: Ambedkar Nagar, Uttar Pradesh

Unit 6: Rauzagaon
(Including co-generation division)
Dist: Faizabad, Uttar Pradesh

Unit 7: Mankapur
(Including distillery, organic manure and co-generation divisions)
Dist: Gonda, Uttar Pradesh

Unit 8: Kumbhi
(Including Co-generation division)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 9: Gularia
(Including co-generation division)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 10: Maizapur
Dist: Gonda, Uttar Pradesh

Unit 11: Khalilabad
Dist: Sant Kabir Nagar, Uttar Pradesh

If undelivered please return to:

Balrampur Chini Mills Limited

CIN: L15421WB1975PLC030118
Registered Office:
FMC Fortuna, 2nd Floor
234/3A AJC Bose Road,
Kolkata 700020, India
Phone: (033) 22874749
Fax: (033) 22873083
Email: bcml@bcml.in,
www.chini.com,