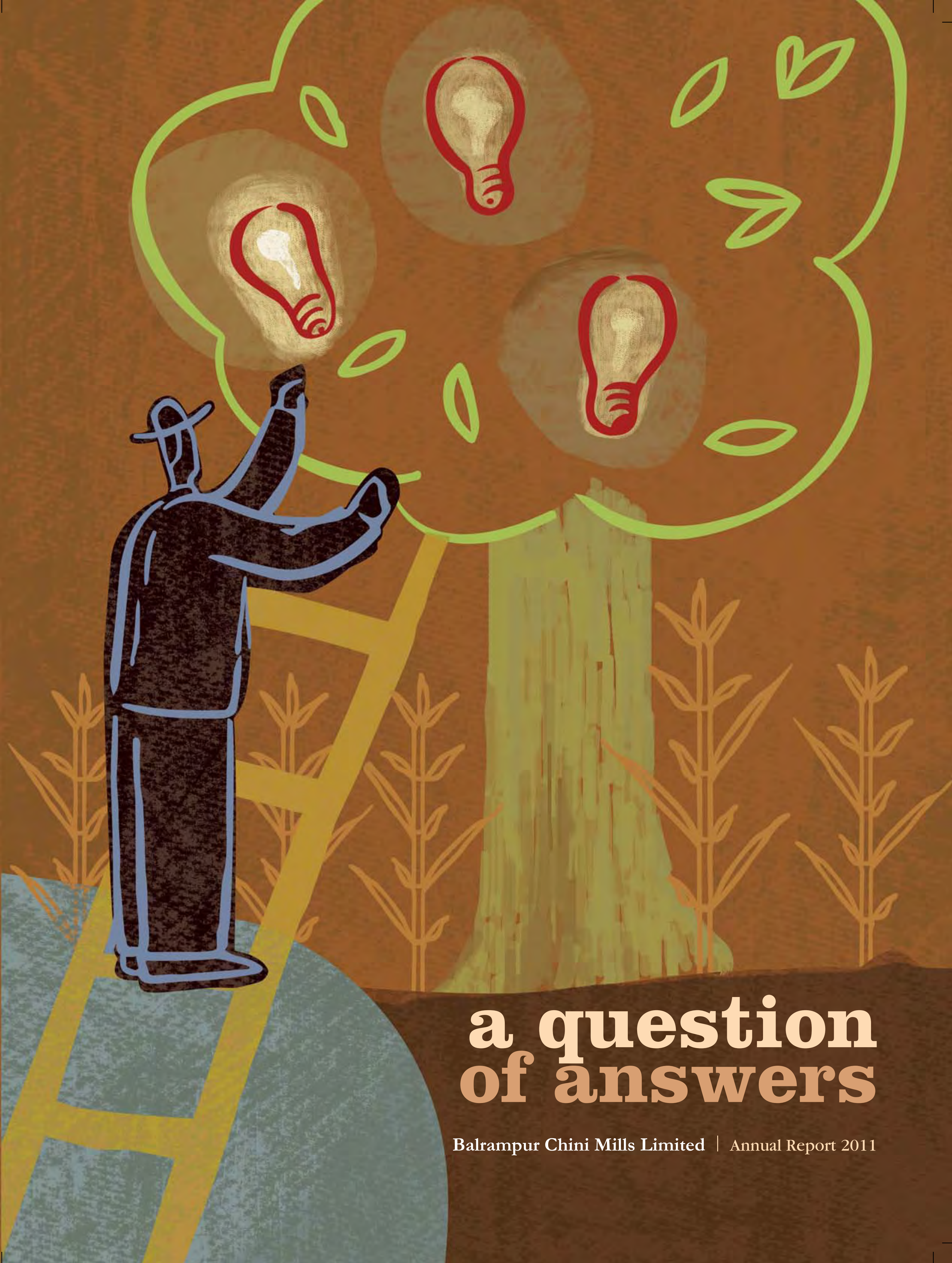

a question of answers

Balrampur Chini Mills Limited | Annual Report 2011

Forward-looking statement

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

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Why is the Indian sugar industry's cyclicality unconnected to climatic conditions?

Why is the cyclicality of the Indian sugar industry as deep as it is sudden?

Why is the Indian sugar industry still controlled, albeit partially, whereas almost every other Indian agricultural commodity has been completely decontrolled?

Why are sugar industrialists never able to make projections beyond a couple of quarters?

Why are sugar companies making more money from non-sugar products?

Why are farmers in some Indian regions moving away from cane cultivation?

Why are increases in sugar costs usually ascribed to political reasons more than economic or climatic?

Why is no Indian sugar manufacturer intending to invest in capital equipment over the foreseeable future?

Why has sugar underperformed agricultural commodity inflation (and hence, returns) over the last decade?

We dedicate this annual report to finding the answers.

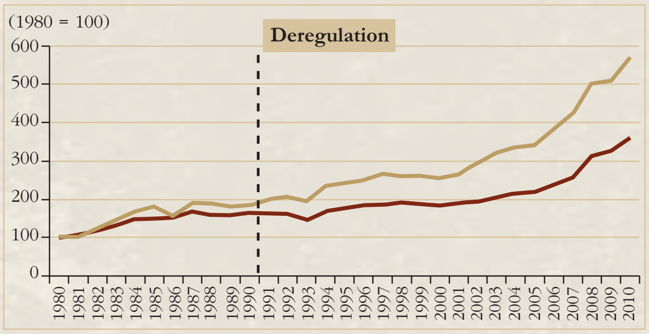
And yes, despite industry opacity, Balrampur Chini Mills reported increase in revenues during the 18 month period ended 31st March, 2011.

Question one.

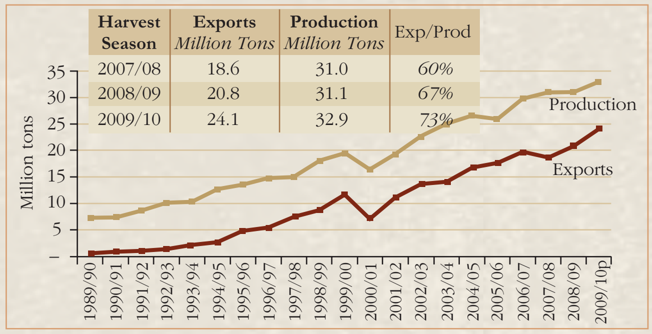
Brazil and India were neck-to-neck in sugar production in 2000. Brazil now produces significantly higher sugar than India. Why?

Brazil and India are the two largest sugar producing countries. They account for 22.7% and 15% of the global production respectively.

Evolution of Brazilian sugarcane production
Sugarcane area and yield



Brazilian sugar production and exports



Harvest Season	Exports *Million Tons*	Production *Million Tons*	Exp/Prod
2007/08	18.6	31.0	*60%*
2008/09	20.8	31.1	*67%*
2009/10	24.1	32.9	*73%*

Source: UNICA presentation

Until 2000, both countries produced more or less the same quantity of sugar. No longer thereafter.

Brazil now produces 60% more sugar than India. The country is the world's largest sugar producer. It produces a large quantity at a completely affordable price to address growing consumption.

India is the largest sugar consumer with 23 million tonnes, in comparison to Brazil's 12 million tonnes.

How?

The big reason: Brazil's sugar industry was deregulated by its government in phases between 1991 and 1997. This is what transpired out of the decontrol: a fair agreement that linked farmer remuneration with the sugarcane sucrose level and sales realisation of sugar and ethanol.

Farmer confidence strengthened. They grew more cane. The country produced more sugar. Brazil was also the first to implement the ethanol policy globally, leading sugar industry growth, ensuring energy security and being environment friendly.

This simple realignment of cane grower and crusher interests enabled Brazil's sugar industry to grow faster than an Indian sugar industry crippled by political interference and control.

How did it happen?

The Brazilian government controlled its sugar industry in 1933 by establishing IAA (Sugar and Ethanol Institute) which dictated sugarcane plantation, pricing and sugar export. During the Nineties, Brazil moved towards liberalisation, openness and privatisation. The country's sugar industry followed suit.

1990: IAA, the government intervention agency, ceased to regulate its sugar industry

1991: National agencies and sector ministries assumed certain IAA functions

1997: CIMA (Sugar and Ethanol Inter-Ministerial Council) was commissioned

CIMA was responsible for the definition of economic mechanisms to sustain industry growth (credit lines for ethanol stocks), ethanol blending in gasoline (20-25%) and the extent of sugarcane's role in the country's energy mix.

Brazil effectively liberalised ethanol and sugarcane prices in 1997, which concluded in 1999.

CONSECANA

Brazil's unique sugarcane remuneration model – CONSECANA - shared risks between producers (sugar and ethanol) and growers (cane) on the following points: Sugarcane grower revenue would be proportional to the industrial revenue; sugarcane remuneration would be influenced by sucrose levels. The result: Brazil's sugarcane production, yields and exports increased continuously over the last decade *[Source: UNICA presentation].*

Question two.

India's sugar demand is growing annually by 3.5% since 1996 even as production is erratic. Will India be compelled to import sugar?

India's sugar consumption has grown at least 3.5% in quantum terms in each of the previous ten years, equivalent to the combined consumption of Cuba, Caribbean and Dominican Republic. Based on a conservative extrapolation, India's sugar consumption is expected to double in less than 15 years, owing to a growing population and rising per capita incomes.

The same cannot be said of India's production. Cane production has fluctuated between 233 million tonnes and 355 million tonnes in the last decade; sugar production has varied between 12.7 million tonnes in 2004-05 and 28.3 million tonnes in 2006-07.

There are a number of reasons for this production aberration: water constraints (leading to low farm productivity of 40 t/ha), inconsistent rainfall arising out of climate change, relatively inefficient water management practices, new cane varieties progressively losing their vigour, improper cultivation practices, negligent plant protection, imbalanced nutrient management and farmer shift to remunerative alternatives.

The writing on the wall: The gap between sugar demand and supply is expected to increase, leaving India with no option but to import sugar and feed domestic demand.

This will be a reality unless India responds with a singular objective to significantly and sustainably enhance cane production for the benefit of grower, crusher and community.

When there is visibility in government policy and business, one can sustainably invest in plants and machinery, resulting in improved cane development and better yields.

Question three.

There is greater pressure on farm land today from remunerative alternative crops than before. Is this the end of the great cane boom?

In an age of urbanisation, farmland availability is declining.

In an age where cane growers are being paid higher remuneration per quintal than before, cane production declined dramatically between 2008 and 2010.

The big question: Why?

Because farmers now have the option to graduate to a number of sustainably remunerative crops.

The point needs to be emphasised:

During years of sugar oversupply, owing to political pressure, mills report lower profitability, leading to cane payment arrears.

This compels farmers to graduate to alternative crops where payment can be realised surely and sustainably.

If this trend extends, the availability of cane may be threatened in the long-term, affecting the country's sugar industry prospects.

Besides, a study made by FAO in Western Uttar Pradesh shows that although other crops such as wheat, paddy and potato have lower production costs than sugarcane, their realisations are higher, resulting in a better return on investment:
wheat 119%, paddy 120%, potato 51% and sugarcane-26%, reflecting the farmer's willingness to shift to more remunerative crops.

Question four.

Is an inconsistent sugar policy behind swings in India's sugar production?

India continues to regulate industries critical to national existence. Defence is one of them.

Surprisingly, sugar is one industry also considered critical enough to be partly controlled by the government, liberalisation notwithstanding.

These are some of the areas across which India's sugar industry is still controlled:

Dual sugarcane pricing in terms of FRP and SAP
No other agri or food product is subject to levy obligation
Regulated monthly release mechanism
Restriction on import and export of sugar
Cane area reservation
Minimum distance criteria of 15 kms is maintained among sugar factories

The country's sugar industry is controlled from production to retail, inducing cyclicality in cane and sugar output: Low sugarcane production with higher sugar prices or high sugarcane production with low sugar prices.

The cumulative regulatory impact is that India's sugar industry reported buoyant profits in 2004-05 and 2005-06, followed by a substantial loss in 2006-07 and a slight recovery in 2007-08 and 2008-09 followed by a reasonable rebound in 2010-11, resulting in losses in four out of five years for the industry.

Scenario one: Higher sugarcane production with lower sugar prices

When sugarcane acreage increases, sugar production rises, accompanied by relatively lower realisations and higher cane prices (owing to the arbitrary raw material prices fixed by the government). This disparity – high production costs and low realisations – translates into losses for manufacturers and arrears for farmers. This induces farmers to shift to other lucrative crops, reducing India's sugarcane acreage.

Scenario two: Low sugarcane production with higher sugar prices.

Low sugarcane acreage leads to low sugar production, which strengthens realisations, enhances farmer profitability, reduces arrears, attracts alternative crop farmers into sugarcane, increases sugarcane acreage and triggers another industry cycle. Unfavourable government policies (stock limit, release mechanism) induce cyclicality and industry instability.

Once sugar prices increase, the government intervenes with unforeseen control and lowers prices even though millers pay higher SAP. Despite the announcement by the central government that FRP should be the final price paid to the farmers, the existence of SAP has not been effectively addressed.

Thus, in the absence of consistency in sugar policy, millers are unwilling to invest in cane development activities, resulting in lower yield.

Question five.

The international sugar price is higher than that in India. Will sugar no longer be cheap in India?

The days of cheap sugar in India may well be over.

Before one proceeds, a disclaimer is perhaps considered necessary.

For more than a decade, sugar realisations underperformed alternative crop realisations. The result is visibly reflected in the fact that whereas Indian costs across a variety of agricultural products are higher than the prevailing international realisations, the reverse is true for sugar – Indian sugar prices are lower than the international prices.

The immediate impact of this phenomenon is that Indian sugar realisations have stopped declining, have plateaued and are showing signs of correcting upwards. This correction is likely to bring sugar inflation at par with that in other food commodities and at par with international prices.

This correction may be influenced by an important reality: Need to align sugar realisations with the rising cost of its principal raw material to protect mill viability and farmer profitability, both of which are imperative for the country's long-term abundant cane availability.

In 2010-11, sugar prices are expected to strengthen, following the resumption of exports under Open General License.

Question six.

What mechanism would make it possible to extend sugar realisations to cane prices – and vice versa – creating a win-win proposition for all?

In India, the government arbitrarily dictates the sugarcane price paid by mills to farmers without linking it to market reality.

On the other hand, Brazil, the world's largest sugar producer, has reconciled the interests of all industry stakeholders through a market-linked pricing mechanism covering the following points:

- **The sugarcane grower's revenue is proportionate to industrial revenue**: On an average, sugarcane production accounts for 60% of the total sugar and ethanol production costs. Therefore, the sugarcane grower receives, on average, 60% of the agro-industrial revenue. The cost of sugarcane supplied by each grower depends on the level of sucrose that the product contains
- **Mills pay more for cane that contains more 'sugar'**: The quantification of sugar contained in sugarcane is determined by 'total recoverable sugar' comprising sucrose, glucose and fructose which is effectively converted into sugar and ethanol, monitorable by growers 24 hours a day

This trust-enhancing mechanism has helped created a win-win situation for cane growers, sugar manufacturers and consumers.

India could do well to emulate, linking the cost of cane on the one hand with realisations of sugar and by-products, leading to a fair market-driven price discovery.

The Government of India actively considered the industry's longstanding demand for deregulation at the highest level. However, a final decision is still pending. The government constituted a committee under Sri Nand Kumar, former Food Secretary, to look into various aspects. The committee has already submitted its report. The government constituted another committee under Sri Rangarajan, member PMO economic advisory, to look into various deregulation aspects.

Question seven.

Is there a case for a robust sustainable increase in sugar demand - in India and across the world?

“Invest in sugar”, says investment guru Jim Rogers.

India

Consumerism: Even though India is the second-largest sugar producer in the world, it is the largest sugar consumer. The country accounts for 15% of the world’s sugar consumption. In the last decade, India’s sugar consumption increased at a CAGR of 3.5% to 23 million tonnes (2009-10); the country created significant first-time sugar consumers by merely graduating them from the consumption of gur to sugar. Going ahead, growing sugar demand by food and other non-household users (75% of the total sugar consumption) could catalyse market growth. The outlook is optimistic: India’s consumption is expected to double in 20 years and by 2030, could account for around 18% of the world’s consumption.

Demand drivers

Low per capita consumption: India is the largest sugar consumer with one of the lowest per capita consumption figures (21 kg per annum compared with 58 kg in Brazil), an irony. This underconsumption provides room for large consumption growth the foreseeable future.

Surging population: The country’s population of 1.21 bn is expected to reach over 1.53 billion by 2030, which should drive sugar consumption.

Growing rural income: Various initiatives like NREGA (outlay increased from ₹40,100 crore in 2010-11 to ₹41,000 crore in 2011-12) should catalyse rural incomes and food demand, leading to higher sugar consumption.

Growing income: Sugar is an income derivative. India’s per capita income increased from ₹10,574 in 1993-94 to ₹44,345 in 2010-11, translating into a higher sugar offtake.

Global

The United Nations predicts that global population will grow from 6.9 bn currently to an estimated 9.1 bn by 2050, strengthening food prices. Global sugar demand is expected to increase from 168 mn mrtv to 257 mn mtrv by 2050.

Growing incomes in Asia will serve as the biggest global demand and price triggers. The middle-class in Asia is one of the fastest-growing population groups in the world. According to the World Bank, the South Asian and East Asian middle-class account for 1.4% of the global population and 2.1% of global income. The World Bank forecasts that this same group will account for 8.9% of the population and 7.7% of global income by 2030, much higher than middle-class growth in other developing regions.
For instance, Asia is expected to increase its share of total consumption from 40% in 2010 to 49% in 2030, which in turn is expected to strengthen sugar realisations.

In view of this, there is a significant case for a sustainable increase in sugar demand in India and the rest of the world in the coming decades.

Question eight.

Why is self-sufficiency in sugar production critical for India?

Self-sufficiency is the need of the hour.

Why?

Rising demand: As India's population surges so will its sugar demand. India's sugar appetite will double in the years to come and will be a strong consumer, accounting for around 18% of the world's consumption. Rising per capita income has led to an increase in sugar demand from industries like confectioneries, ice creams, soft drinks, sweets, among others (accounts 75% of the sugar produced). In addition, the change in rural diet – where refined sugar is rapidly replacing jaggery – will fuel consumption, adding a million tonnes per year.

Can we achieve this? Chances are slim.
Growing cane is a luxury that India may not be able to afford much longer. The reason: sugarcane requires plenty of water and labour. Both are increasingly scarce and expensive.

Supply side: To meet demand over the next couple of years, India needs to grow cane on at least 5.5 mn hectares, with a yield of 65 t per hectare. However, cane occupies 4.4 mn ha, with an average yield of 55 t/ha. So the country needs to boost acreage by 25% and yield by 20%.

Cyclicality: India's sugar cyclicality is a major deterrent to sugar productivity, resulting in inconsistent production, fluctuating prices, hampering sugar mill margins thus making it costlier for buyers.

Government policies: Government intervention proves detrimental to the sugar industry, allowing no room for the sugar mills to have any control on pricing and exports, among others.

Therefore, within a few years, there might not be any urge for import. But looking from a long-term perspective, there is a need to work on sugar availability to plug the mismatch. Thus, India needs to think seriously to revisit its policies related to the sugar industry and create a policy framework which will incentivise both sugarcane growers and the mills, so that the industry growth is sustainable and India becomes self-sufficient for its sugar needs.

Question nine.

Why is regulation harming the sugar industry more than benefiting it?

Business runs better with autonomy and non-interference. However, India's sugar industry is totally controlled by the government, limiting its ability to innovate, invest and improve.

Regulatory disadvantages

Low competition: The pricing, command area and monthly release mechanisms are governed by the government, making the industry inefficient.

Dual cane price mechanism: The dual cane pricing – FRP by the central government and SAP by the state government – distorts. The pricing policy is not linked to marketplace economics, triggering aberrations that inevitably lead to cyclicality.

Levy sugar: The government procures some sugar directly from manufacturers, lower than the production cost, reducing the industry's ability to remunerate farmers better.

Deregulatory advantages

Stable prices: With the abolition of state-controlled pricing, sugarcane prices will be linked to sugar prices, leading to a realistic return for mills and farmers.

Better cash flow: Following decontrol, companies can price products according to market realities, resulting in a better sales forecast, leading to a targeted cash flow.

Export availability: Following decontrol, sugar production could stabilise, addressing internal demand, leaving some sugar for export.

Technology upgradation: An increase in profitability could attract investors, leading to technology investments.

Question ten.

How has Balrampur Chini Mills progressively derisked itself in a volatile industry scenario?

Balrampur Chini Mills derisked itself through various business initiatives, resulting in a lower-than-industry average decline during bad years and a higher-than-industry average uptrend during rebounds.

Expanded capacity: Until 1998-99, the Company operated two mills. Within a decade, the Company added eight mills and trebled its cane-crushing capacity from 15,500 TCD to 76,500 TCD in 2009-10.

The Company's trough-to-peak crushing grew five-fold from 18.22 lac tones (1998-99) to 92.31 lac tonnes (2006-07). This increase in scale made it possible for the Company to amortise its fixed costs more profitably.

Business extension: The Company extended its business presence from sugar to alcohol and power cogeneration, reducing its dependence on sugar. Distillery revenues increased from ₹66.02 crore in 2000-01 to ₹160.05 crore in 2010-11 (34.8% of non-sugar revenues). Cogeneration revenues increased from nil in 1998-99 to ₹296.29 crores in 2010-11 (64.4% of non-sugar revenues). Non-sugar revenues increased from 10.75% of revenues to 15.31% during the period, increasing the Company's viability during industry downtrends.

Sugar recovery: The Company recorded an average sugar recovery of 9.67% in the last decade compared with the average recovery of 9.40% in eastern Uttar Pradesh.

"Only industry deregulation can enhance investment incentive"

Managing Director Vivek Saraogi reviews the Company's performance and industry requirements that can lead to sustainability

How would you appraise the Company's performance during the period under review?

At the outset, it would be imperative for me to explain that the period under review was for 18 months and not 12, a change warranted on account of the need to align our accounts with emerging changes in laws and accounting. Since we passed through two sugar seasons, it would be pertinent for me to review both separately for enhanced clarity.

Period I, October 2009 – September 2010: During this sugar season, the sugar industry reported one of the most volatile transitions in existence. Consider this: during the 2009-10 sugar season, a low sugar output was anticipated in India and outside, which understandably strengthened realisations.

- Global sugar prices doubled to 30 cents per pound within a space of a single season.
- Indian sugar realisations touched a peak of ₹42.00 per kg in the month of January 2010, based on the perception of a severe shortage of sugar, both in India and across the world.

The unprecedented increase in the Indian sugar prices inspired stricter government control – increase in levy sugar quota to 20% of production, a weekly sugar release mechanism (as opposed to monthly) and barring institutional Indian sugar buyers from consuming domestic sugar (permitting them to import to address their requirements), stock holding limits on traders, among others.

Millers began the season with a higher cane price higher than SAP. Even this price was continuously revised upwards throughout the crushing season. The farmers held back sugarcane to capitalise on frequent price revisions which created the sceptre of cane scarcity. This cane, which was held back, was then supplied later on and led to a much higher sugar production, than was envisaged earlier.

The industry paid the penalty: Sugar realisations declined from a peak of ₹41-42 per kg in January 2010 to ₹33 by March-end and ₹26 by May-June 2010. Correspondingly, sugarcane costs increased by ₹65 per qtl from ₹165 to ₹230 on the back of the sugar price rise during October 2009 to January 2010; the result was extensive industry losses, perhaps the swiftest transition from predictable profits to uncertain losses within the space of a single quarter.

At this critical juncture, Balrampur minimised impact through certain distinct initiatives: resisting the temptation to engage in high-priced raw sugar imports for onward conversion into sugar.

Period II, October 2010 – March 2011: The scenario for the sugar industry did not improve even after a momentous quarter in 2010-11. For the new season, SAP sugarcane price was fixed at ₹205 per quintal compared with ₹165 per quintal in 2009-10. This increase generated a higher production cane output, which in turn, will lead to a larger production of sugar. To counter this reality, the government announced the export of 12 lakh tonnes of sugar under outstanding obligation of the Advance Licence Scheme, reducing the domestic surplus and enabling prices to strengthen marginally. The government further allowed 5 lac tonnes of exports under the Open General Licence.

How did the by-product utilisation businesses behave during this challenging period?

I must state that had it not been for the Company's by-product business performance, the financials would have been worse.

Our cogeneration and ethanol segments are performing reasonably well, subject to the availability of feedstock. Our cogeneration business is directly linked to the availability of bagasse. The segment did well on account of the availability of bagasse. I expect the segment to perform much better as we expect bagasse availability to be larger.

Ethanol supply to oil-marketing companies made certain headway in the alcohol consumer industry. The government finally mandated 5% ethanol blend with petrol. The provisional price was fixed at ₹27 per litre. The expert Committee was constituted to look into the pricing aspect of the supply of ethanol on a sustainable basis.

I expect the segment to do well on a sustainable basis in the coming years.

How does the Company expect to enhance value?

This is an interesting question. At BCML, we are convinced that we will not invest afresh in sugar manufacture at this point, as our priority lies in efficiently utilising all that we have already invested. We do not have significant debt and enjoy an annual depreciation provision of more than ₹100 crores to fund our asset growth, indicating that we do not even need to dip into our profits to grow our business.

This might leave us with a net surplus (as distinct from the net profit). In our management's opinion, the most effective deployment of our cash at this point will lie in the buyback of shares from the open market, which will enhance value.

The one big point that incentivised buyback was that the Company got the opportunity to buy a part of its equity at a market capitalisation of around ₹1,800 crores. Besides, the business was extensively integrated with a replacement value easily above ₹4,000 crores, which prompted us to buy our equity back in a valuable franchise.

What according to you is the need of the hour for the industry?

The Indian sugar industry is cyclical, largely owing to erratic government policies. In this scenario, the critical need of the hour is deregulation. If the industry continues to be regulated by policies unrelated to market realities, its growth will stagger. For example, sugarcane pricing increased over the last year; sugar is the only product in India with negative price inflation. This mismatch between production costs and realisations triggered losses, reduced mills' borrowing capacity and increased farmer arrears.

In the opinion of sugar manufacturers, sugarcane pricing needs to be linked with sugar realisations. Besides, the levy programme needs to be sponsored by the government while the release mechanism needs to be discontinued. It is ironic that for a product whose continuous supply is critical, we are at the mercy of state governments for raw material pricing and at the mercy of the central government for finished product realisations. It might help for any one of these agencies to manage both and not have one manage each, often working against each other.

Besides, a decontrol will help us plan our business better. Millers are processors who can pay a part of what they realise from the market to farmers. The industry feels that farmer interests should be protected by a pricing formula where it shares the upside and downside of sugar realisations – a globally tried practice. For instance, this formula has been successfully implemented by UNICA, the Brazilian association, and the result is that the country is now the world's largest sugar producer (which it was not a decade ago).

If a similar policy is implemented in India, I foresee investors returning to the sugar industry, increased global capital flows as well as growing industry scale, efficiency and technology. In turn, this stable pricing policy could lead to stable farmer payments and sugarcane crop, mitigating industry cyclicality. In short, we see decontrol as a progressive win-win.

What is the industry and corporate outlook for the coming year?

Sugar production is expected to be an estimated 24.5 million tonnes in 2010-11 compared with 18.9 million tonnes in season 2009-10. India's sugar consumption is estimated at a higher 22.50 to 23.00 million tonnes, owing to increased per capita income, growing population, economic growth and non-household sector demand increase. The result: An industry surplus with no room for imports.

Going ahead, our efforts will lie in debottlenecking our existing production capacity on the one hand and increasing yield and capacity utilisation on the other. No major investments have been planned by BCML; we would rather concentrate on sweating our assets better. We expect to crush around 10% more sugarcane in the 2011-12 season with a higher sugar throughput, representing a foundation for enhanced by-product production. We also expect superior returns from our ethanol and power businesses on the back of higher volumes, resulting in a robust rebound in our performance.

Five year operational summary

Cane crushed

[in lac tonnes]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Balrampur	22.78	21.50	16.50	9.30	20.02
Babhnan	15.65	16.60	11.08	7.10	16.41
Tulsipur	8.74	12.06	9.94	5.11	9.51
Haidergarh	6.53	7.90	4.72	1.76	4.80
Akbarpur	7.56	11.37	7.24	4.12	11.19
Rauzagaon	8.85	9.75	6.77	3.36	9.39
Mankapur	–	12.75	9.84	6.01	14.61
Kumbhi	–	0.38	7.46	5.32	16.42
Gularia	–	–	7.03	6.24	16.09
Maizapur	–	–	–	–	4.70
Total	**70.11**	**92.31**	**80.58**	**48.32**	**123.14**

Sugar production

[in lac tonnes]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Balrampur	2.34	2.10	1.66	0.83	1.84
Babhnan	1.62	1.64	1.14	0.65	1.56
Tulsipur	0.87	1.14	0.97	0.48	0.91
Haidergarh**	0.65	0.78	0.48	0.16	0.43
Akbarpur	0.87	1.15	0.74	0.38	1.06
Rauzagaon**	0.91	1.00	0.69	0.31	0.90
Mankapur	–	1.31	1.02	0.54	1.37
Kumbhi	–	0.03	0.78	0.50	1.58
Gularia	–	–	0.71	0.57	1.49
Maizapur	–	–	–	–	0.40
Total	**7.26**	**9.15**	**8.19**	**4.42**	**11.54**

Alcohol production

[in kilo litres]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Company as a whole	57,279	65,692	91,089	48,272	71,124

Power generation

[in lac KwH]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Company as a whole	4,398.50	6,768.06	7,906.88	4,957.54	10,153.88

* 18 months period.

** excluding white sugar obtained from processing of raw sugar.

Five-year financial summary

Financials

[₹ in Crores]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Gross sales	1,989.77	1,476.32	1,552.50	1,771.02	3,063.22
Other operating income	5.74	8.93	12.02	4.54	15.06
Total income	1,995.51	1,485.25	1,564.52	1,775.56	3,078.28
Stock adjustments	281.24	(213.60)	(123.66)	263.28	(1166.99)
Purchase of traded goods	-	-	-	-	98.94
Raw material consumed	937.82	1,280.99	1,014.16	763.38	3,101.06
Excise duty	91.35	84.61	88.96	70.97	90.83
Gross profit	**685.10**	**333.25**	**585.06**	**677.93**	**954.44**
Overheads and all other expenditure	219.68	235.26	257.67	225.22	426.96
Profit from operations	**465.42**	**97.99**	**327.39**	**452.71**	**527.48**
Non-operating income	1.07	1.28	2.11	1.69	4.77
PBDIT	**466.49**	**99.27**	**329.50**	**454.40**	**532.25**
Interest	34.51	54.42	89.65	96.85	138.14
PBDT	**431.98**	**44.85**	**239.85**	**357.55**	**394.11**
Depreciation and amortisation	67.09	80.22	117.21	107.94	168.11
Pre-tax profit	**364.89**	**(35.37)**	**122.64**	**249.61**	**226.00**
Tax	73.30	6.48	25.61	23.10	61.59
Post-tax profit	**291.59**	**(41.85)**	**97.03**	**226.51**	**164.41**
Equity capital	24.82	24.82	25.55	25.68	25.63
Reserves (excluding revaluation reserve)	880.83	839.17	989.35	1,149.39	1,263.73

Value added statement

[₹ in Crores]

	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Income from production	1,617.18	1,605.31	1,587.20	1,436.77	4,139.38
Add: Other income	6.81	10.21	14.13	6.23	19.83
Corporate output	1,623.99	1,615.52	1,601.33	1,443.00	4,159.21
Less: Cost of raw materials consumed (including purchase of traded goods)	937.82	1,280.99	1,014.16	763.38	3,200.00
Less: Other manufacturing expenses	153.09	159.96	175.71	135.03	268.38
Equals gross value-added	533.08	174.57	411.46	544.59	690.83
Less: Depreciation and amortisation	67.09	80.22	117.21	107.94	168.11
Equals net value-added	465.99	94.35	294.25	436.65	522.72
Allocation of net value-added					
To Personnel	66.60	75.29	81.97	90.19	158.58
To Taxes (including tax on proposed dividend)	85.48	6.48	27.78	36.19	64.68
To Creditors (via interest)	34.51	54.42	89.65	96.85	138.14
To Investors (via dividend)	86.85	–	12.78	77.03	19.03
To the Company (via retained earnings)	192.55	(41.84)	82.08	136.39	142.29

* 18 months period.

Financial ratios

Key financial ratios

Financial year	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Overheads/Total income (%)	11.01	15.85	16.47	18.76	19.33
PBDIT/Total income (%)	23.38	6.68	21.06	25.59	17.29
Interest/Total income (%)	1.73	3.66	5.73	5.45	4.49
Interest cover (times)	13.58	1.85	3.69	4.70	3.86
PBDT/Total income (%)	21.65	3.02	15.33	20.14	12.80
Net profit/Total income (%)	14.61	(2.82)	6.20	12.76	5.34
Cash profit/Total income (%)	17.97	2.58	13.69	18.84	10.80
Return on net worth (%)	32.36	(4.86)	9.49	19.28	12.75
Return on capital employed (%)	40.13	5.52	14.58	20.11	19.56

Balance sheet ratios

Financial year	September 2006 *	September 2007	September 2008	September 2009	March 2011*
Debt-equity ratio	0.39	1.10	1.01	0.83	0.56
Inventory turnover (days)	36	107	131	71	266
Current ratio	1.10	1.02	1.51	2.74	1.24
Quick ratio	0.64	0.42	0.55	1.40	0.30
Asset turnover (total revenue/total assets)	1.09	0.54	0.54	0.66	0.79
Fixed asset coverage ratio	3.20	1.59	1.51	1.83	1.01
Debt service coverage ratio	4.14	0.69	1.67	1.73	0.94

Growth ratios

Financial year	September 2006 *	September 2007	September 2008	September 2009	March 2011*#
Growth in turnover (%)	114.25	(25.52)	5.27	13.49	73.37
Growth in PBDIT (%)	111.94	(78.72)	231.90	37.91	17.13
Growth in PAT (%)	133.15	(114.35)	– **	133.44	(27.42)
Growth in cash profit (%)	120.96	(89.30)	458.18	56.11	(0.58)
Growth in EPS (%)	98.07	(113.83)	– **	131.59	(28.29)

* 18 months period.

** Loss to profit.

Not annualised.

Per share data

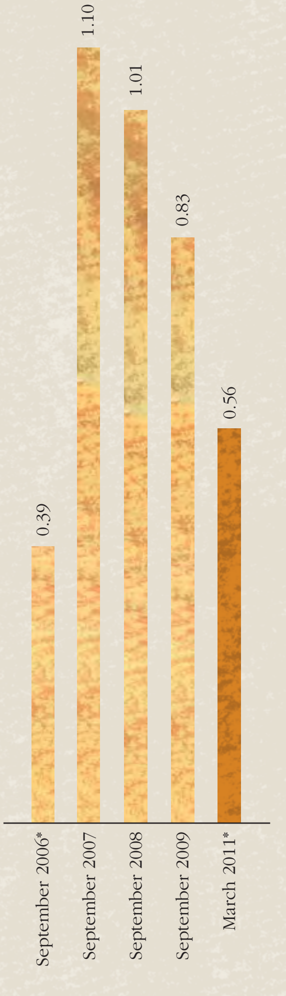
Financial year	September 2006 *	September 2007	September 2008	September 2009	March 2011*
EPS (₹)	12.19	(1.69)	3.83	8.86	6.35
CEPS (₹)	15.00	1.55	8.45	13.08	12.85
Dividend (₹)	3.50	–	0.50	3.00	0.75
Book value (₹)	36.31	34.69	39.65	45.75	50.30
Price/earnings %	8.32	–	21.18	13.82	11.02
Net indebtedness (₹)	14.28	38.32	39.95	37.86	27.96

* 18 months period

PBDT/total income (%)

Cash profit/total income (%)

Debt-equity ratio



Book value (₹)

* 18 months period.

Creating shareholder value

Market capitalisation

The Company's market capitalisation stood at ₹1,795.21 crores as on 31st March, 2011 compared to ₹3,143.97 crores as on 30th September 2009.

Market capitalisation

(₹ in crore)

30th September 2006*	30th September 2007	30th September 2008	30th September 2009	31st March 2011*
2,516.29	1,874.81	2,071.12	3,143.97	1,795.21

* 18 months period

Total Shareholders' Return (TSR)

Total shareholders' return is a tool to measure the gain delivered directly in the form of dividend and indirectly in form of capital appreciation as registered by the stock during the financial year under review. TSR is calculated by adding the dividend to the difference between the closing and the opening market capitalisation (equity shares multiplied by closing market price on the stock exchanges). During the period under review, the Company reported a TSR of (42.18)%.

Economic Value-Added (EVA)

During the period under review, the Company reported an EVA of ₹169.19 crores owing to improved profitability. The EVA, formulated by Stern, Stewart & Company, captures growth parameters through a unique formula. Its principal highlights comprise:

- For the cost of shareholders' funds, the actual outgo towards shareholders (dividend, among others) was ignored. Instead, a market-driven cost of equity funds was considered.
- The cost of equity was arrived at using the beta-factor for the Company scrip. The risk-free return in the economy was assumed at 8% in the period under review; the product of the beta factor and the stock market risk premium was added to this,.
- The stock market risk premium was what investors expected to earn over the risk-free return from the market.
- The product of the premium and the beta was what investors expected to earn (over and above the risk-free return of 8%) from the Balrampur scrip in the period under review. This was the correct cost of equity funds to consider for the EVA calculation. The beta value for the Company was calculated at 1.11.
- This beta was multiplied by the stock market risk premium assessed at 15% for the Company. The result was added to the risk-free return in the economy to derive the Company's cost of equity.
- The base for calculating the rupee cost of equity was the market capitalisation as on a particular date (because the EVA calculation uses a stock market-driven set of variables for calculating the cost of equity).
- For the cost of debt, the post-tax marginal cost of borrowing based on average debt during the year and actual outflow of interest and tax were used. The cost of debt for the Company was 9.27%.
- The weighted average cost of capital was 3.03%.

EVA Summary

(₹ in crore)

PBIT	364.14
Tax	61.59
Adjusted tax	104.19
WACC (weighted average cost of capital)	3.03%
Average capital employed	2,994.18
Cost of capital	90.76
EVA	169.19

Corporate Social Responsibility

At Balrampur, we are working towards the welfare of the underprivileged through Balrampur Institute of Vocational Aid (BIVA) and Balrampur Foundation (BF).

BIVA

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

Not only does the Institute support and assist through motivational and problem-solving seminars for entrepreneurs, it also provides market assistance through the implementation of fair trade policies, fairs and exhibitions.

A brief of some of the courses:

- A two week Enterprise Development Programme under the Prime Minister's Employment Generation Programme' affiliated to and sponsored by KVIC Ministry of MSME, Government of India; attended by 129 aspirants.
- A three month Vocational Certificate Training Course on motor driving, affiliated to the Regional Transport Authority; attended by 170 trainees.
- A four month Vocational Certificate Training Course on computer Fundamentals and DTP; attended by 233 trainees.
- A six month Vocational Certificate Training Course on telephone and mobile repair affiliated to the West Bengal State Council of Vocational Education and Training; attended by 110 trainees.

Balrampur Foundation

Balrampur Foundation (formed 31st July, 2001) is a public charitable trust, which aims to provide relief to the poor through education, medical facilities and other charitable objects of public utility. The trust is funded by Balrampur Chini Mills Ltd. The major activities of the trust comprise:

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

Report of the Board of Directors

For the 18 months period ended 31st March, 2011

Dear Shareholders,

Your Directors have pleasure in presenting their report as a part of the 35th Annual Report along with the audited accounts of the Company for the 18 months period ended 31st March 2011.

Operating and Financial Review

[₹ in Lacs]

Financial Results	**2009-11 (For 18 months)**		**2008-09 (For 12 months)**	
Gross Turnover		**306321.81**		**177101.78**
Operating profit before interest, depreciation and tax		53225.45		45439.72
Interest and other financial charges (net)	13814.36		9684.59	
Depreciation & Amortisation	16810.96		10794.38	
Provision for taxation	6159.38	36784.70	2310.16	22789.13
Net Profit		**16440.75**		**22650.59**
Less : Loss of Maizapur unit on merger		1248.17		–
Add : Balance brought forward from the previous year		4238.55		1599.68
Profit Available for Appropriation		**19431.13**		**24250.27**
Appropriations				
Proposed dividend on equity shares		1852.05		7702.65
Tax on proposed dividend		300.45		1309.07
Dividend on equity shares (including tax on dividend) for the previous year		59.38		–
General Reserve		10000.00		11000.00
Leaving a balance to be carried forward to next year's account		7219.25		4238.55
		19431.13		**24250.27**

Change in financial year

The financial year 2009-10 of the Company was extended up to 31st March, 2011 from 30th September 2010. Henceforth, the financial year of the Company shall be from 1st April to 31st March. The financial year period was changed as the Company needed to allign its accounts with the emerging changes in law and accounting. The financial results for the year under review covered a period of 18 months and are not comparable with the results of 2008-09, a financial year that covered only 12 months.

Dividend

Your Directors are pleased to recommend a dividend for consideration of the shareholders @ ₹0.75 per share.

Operations

The operational data of the Company for the 18 months period covering two sugar seasons (2009-10 and 2010-11) are mentioned below :

Season	Cane crushed (in lac qntls)	Sugar produced (in lac qntls)	Recovery
2009-10	538.58	50.34	9.35
* 2010-11	694.60	65.30	9.40
Total	**1233.18**	**115.64**	

** Figures include Kumbhi Unit continued upto 4.4.2011*

Performance 2009-11

The Company reported a turnover of ₹3063.22 crores for the period ended 31st March, 2011 as against ₹1771.02 crores in the previous financial year, a growth 72.96%. However, net profit declined by 27.42% to ₹164.41 crores from ₹226.51 crores in the previous year due to a substantial increase in the cost of production.

Sugar season 2009-10: Sugar crushing and production during season 2009-10 was higher at 538.58 lac quintals and 50.34 lac quintals as against 483.22 lac quintals and 44.17 lac quintals respectively in the previous season. Average recovery was marginally higher at 9.35% as against 9.14% in the previous season.

The season began with lower national production estimates which led to a rise in domestic sugar realisations from ₹28 in October 2009 to a short-lived peak of ₹42 per kg in January 2010. Concurrently, the international market recorded a 28-year high of 35.58 cents per pound, indicating a domestic and global sugar shortage. This was the first time in the history of the industry when sugar prices had moved up sharply and suddenly during the season, resulting in mills needing to compete to obtain raw material at higher prices following a scenario where farmers were not ready to supply cane at lower prices due to higher end product realisations. What made matters more challenging, mills raised cane prices at regular intervals through the season.

Your Company paid ₹230 per qntl for cane against a State Advised Price (SAP) of only ₹165 per qntl. Mills not only paid higher cane prices but imported raw and white sugar in a big way, estimated at approximately 50 lac tons. This high cane price increased production costs, which coincided with a decline in global sugar prices.

Meanwhile, the government of India imposed unprecedented restrictions on the sale of sugar - weekly quota sale, stock limits on traders and compulsory imports by bulk consumers etc. - to cool high domestic prices. The combined effect of these measures collapsed sugar realisations from a peak ₹42 to a low ₹26 a kg. Since the industry had already paid a higher cane price, it was now saddled with high cost sugar which needed to be liquidated at low realisations, resulting in substantial losses in season 2009-10. However, the Company was able to make good the loss in its sugar segment through its integrated business model covering the cogeneration and distillery businesses.

The Company imported 9.06 lac quintals of raw sugar.

Sugar season, 2010-11: Due to higher sugar cane prices paid to farmers during the 2009-10 season, there was a substantial increase in the planting of sugar cane during the 2010-11 season. The Company's crushing and production were substantially higher at 694.60 lac quintals and 65.30 lac quintals respectively with an average recovery of 9.40%.

The season commenced around a projected national sugar production of 240 lac tons. However, the UP government hiked cane price to ₹205 per qntl effective for the entire season, which made it difficult to rationalise costs. Following the perception of a sugar output, the government of India permitted sugar export under Advance Licence Scheme as well as under Open General License in December 2010. However, a delay in the implementation of this decision resulted in sugar prices remaining sluggish at ₹28 per kg.

Following volume growth, your Company succeeded in reducing the incidence of fixed costs across all segments.

Power

The profitability reported by the Power Division was higher on account of adequate capacity utilisation that was derived from higher crushing and bagasse availability. The Uttar Pradesh Electricity Regulatory Commission increased the tariff for bagasse-based cogen plants for five years with effect from FY 2009-10. The total power generated by our cogeneration plant was 10153.88 lac units, as against 4957.54 lac units in the previous year. Consequently, power export to UPPCL was higher at 7110.77 lac units as against 3576.58 lac units in the previous year; the total value of power exported to the grid was correspondingly higher at ₹29392.93 lacs as against ₹12477.72 lacs in the previous year.

Distillery

The distillery performance was satisfactory as it produced 383.01 lac BL industrial alcohol, 141.61 lac BL ethanol and 186.62 lac BL ENA as against 267.05 lac BL, 101.60 lac BL and 114.07 lac BL respectively during the previous year. The cumulative average realisation (net of excise duty) per BL of industrial alcohol, ethanol and ENA was ₹25.10 in 2009-11 as against ₹26.14 in 2008-09.

Organic manure

The performance of our organic manure manufacturing operation was satisfactory.

Subsidiary companies

Indo Gulf Industries Ltd (IGIL): The Hon'ble Board for Industrial & Financial Reconstruction (BIFR) vide its order dated 24.06.2010, sanctioned a Rehabilitation Scheme for the revival of Indo Gulf Industries Ltd (IGIL), a subsidiary of the Company. As per the sanctioned Scheme, the Sugar Division of IGIL, situated at Maizapur, Gonda, Uttar Pradesh was demerged from that company and then merged with Balrampur Chini Mills Ltd (BCML) with effect from 1st October, 2008. As per the Scheme, BCML issued and allotted to IGIL shareholders in the ratio of 1 equity share of ₹1/- each fully paid up for every 100 equity shares of ₹1/- each (post restructuring) held by them in IGIL as on 24.08.2010, except to BCML itself to the extent of its shareholding in IGIL. Accordingly, BCML allotted 44048 equity shares of ₹1/- each to IGIL shareholders. The Explosive units of IGIL continued as the sole business of IGIL as per the sanctioned Scheme. IGIL reported a net loss of ₹191.94 lacs for the 18 months period ended 31st March, 2011.

Balrampur Overseas Private Limited: Balrampur Overseas Private Limited (BOPL), a wholly owned subsidiary of the Company incorporated in Hong Kong, reported a net profit of Hong Kong $2257495 for the 18 months period ended on 31st March, 2011.

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

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

Cane & Sugar Policy

Season 2009-10

The salient features of the sugar policy were as under:

- Keeping in mind the requirement of BPL families (2.8 million), the government increased its levy sugar obligation from 10% to 20% for the season 09-10 owing to a lower sugar production envisaged in the said season.
- The Fair & Remunerative Price (F&RP) was fixed at ₹129.84 per qntl linked to a basic recovery of 9.5% subject to a premium of ₹1.37 per qntl for every 0.1% increase in recovery above that level.
- Consequent to the increase in F&RP, the levy sugar price was raised to ₹1826.13 per qntl from ₹1384.
- The UP government increased SAP to ₹165 from ₹140 per qntl.
- The government permitted duty-free imports of white and raw sugar from April 2009 to tide the country over a shortage in domestic production.

Season 2010-11

With a revival in production estimates, the government reverted to the levy obligation level of 10%. F& RP was increased to ₹139.12 per qntl linked to a basic recovery of 9.5% subject to a premium of ₹1.37 per qntl for every 0.1% increase in recovery above that level. The levy sugar price was also revised to ₹1917.18 per qntl. The UP government enhanced SAP from ₹165 to ₹205 per qntl. The government of India permitted the export of sugar under Advance Licence Scheme by millers for their earlier year's obligation, the quantum of which was around 12 lac tons. The government permitted the export of 5 lac tons under OGL to eliminate the possibility of cane arrears and also stabilise domestic realisations.

Legal cases related to cane price

As reported last year, legal cases relating to cane prices for the sugar seasons 2006-07, 2007-08 and 2008-09 were pending in Supreme Court of India. The next hearing is scheduled after the opening of the Courts following the vacation.

Refinery

The Company had commissioned a refinery of 500 TCD at its Haidergarh plant for ₹5 crores, increasing the Company's refinery capacity to 1200 TCD (including 700 TCD at the Rauzagaon plant). The Company plans to enhance the refinery capacity at its Haidergarh plant by 3600 TCD. This will provide the Company with revenue and production stability in years when imports are necessary to meet the country's demand-supply gap.

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 industry's long standing demand of deregulation was actively considered at the highest level of the government. However, the government was unable to take a decision and the industry waited anxiously for this development. It would pertinent to indicate that the global sugar industry is deregulated. Since India is the largest sugar consumer, deregulation would be in the broader interest of all stake holders – growers, millers and consumers – as it would reduce the cyclic impact and minimise government interference. Brazil is a relevant instance of the benefits of deregulation: following this decision, sugar production at 30 million tons a season has created a win-win proposition for all stakeholders.

The Empowered Group of Ministers [EGOM] has mandated that Oil Marketing Companies [OMC] blend 5% ethanol with petrol, fixing an interim price of ₹27 per BL. OMC placed orders on sugar mills for buying 58 crore litres of ethanol. EGOM also constituted a Committee under the chairmanship of Dr Soumitra Choudhury to reconsider a sustainable price of ethanol, a step in the right direction.

Against 187 lac tons of 2009-10 production, season 2010-11 began with an opening stock of 50 lac tons. The export of 12 lac tons under ALS and 5 lac tons under OGL and domestic consumption at 225 lac tons, will ensure no inventory addition. With growth in the country's GDP and sugar consumption, sugar prices are expected to improve gradually.

With an increase in the volume of bagasse and molasses, capacity utilisation of the Company's power and distillery assets will increase, leading to a higher profitability.

Listing of equity shares

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

Corporate governance

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

Credit Rating

The ICRA credit rating for short-term debt mobilised by your Company for a sum of ₹500 crores was A1+.

Change in capital structure

The Company issued and allotted 2924950 equity shares of ₹1/- each at a price of ₹45 per share (including premium of ₹44 per share) upon the exercise of 2924950 options under the Employee Stock Option Scheme. The Company also allotted 44048 equity shares of ₹1/- each to the shareholders of Indo Gulf Industries Ltd vide BIFR order dated 24.06.2010. Consequently, the paid up share capital of the Company increased to 259724058 equity shares of ₹1/- each.

Buyback of shares

The Board of Directors of the Company in its meeting on 22nd February, 2011 approved a proposal to buyback the Company's fully paid up equity shares of ₹1/- each at a price not exceeding ₹85 per share, payable in cash, for an amount upto ₹110 crores out of free reserves by way of purchase from the open market through the stock exchanges. Accordingly, the Company bought back 4678678 shares upto 31.03.2011 and extinguished 3449147 shares as on 31.03.2011. Following extinguishment, the paid-up share capital of the Company was ₹256274911 as on 31.03.2011.

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, 2011 under the Employee Stock Option Scheme, 2005 are set out in the Annexure to the Directors' Report.

Directors

Shri R.K. Choudhury and Shri S.B. Budhiraja, Directors of your Company, retire from the Board by rotation and are eligible for re-election.

Directors' responsibility statement

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

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

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

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. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, the abridged annual report is being sent to all the members of the Company excluding the said Annexure.

Conservation of energy etc.

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

However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956 the abridged Annual Report is being sent to all the member of the Company excluding the said Annexure.

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.

The Cost Audit Report for the last audited accounts for the financial year ended 30th September, 2009 was filed by the Cost Auditors with respect to the sugar units of the Company on 18th March, 2010, which is well within the due date of 31st March, 2010.

Appreciation

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

For and on behalf of the Board of Directors

Kishor Shah

Vivek Saraogi

Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
Managing Director

Kolkata
13th May, 2011

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 18 months period ended 31st March, 2011

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 energy efficient equipments like condensing-cum–extraction turbines, variable frequency drives, HT Motors, re-generative DC motors planetary gear boxes, efficient industrial fans, hydraulic cane unloaders, high efficiency pumps.

ii) Installation of high-efficiency high pressure Steam generators with fully auto combustion control system though DCS, spreader stocker, travelling grate furnace and waste heat recovery system, like, hot condensate recovery, air- pre heater, economiser and flash heat recovery trough CBD, 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 numbers of equipments in boiling house to conserve the energy i.e. 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. Efficient and fully auto centrifugal machines.

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) DCS controlled operation at various stations to achieve maximum efficiency. Use of capacitors near motor to maintain the power factor.

vi) Recycling of process water to conserve natural resources. Replacement of conventional inefficient bulbs with efficient CFL and T5 tube lights. Conserve energy by providing timers at street lights.

b) Additional investments and proposals being implemented for reduction of consumption of energy : Falling film evaporators, promoting star rating electrical equipments.

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	2009-11	2008-09
1. a) Purchased (units in lacs) (excluding domestic units)	2.92	2.99
Total amount (₹ lacs)	22.98	17.87
Rate per unit (₹)	7.87	5.97
b) Own Generation		
i) Through Diesel Generator Sets (units in lacs)	21.72	13.05
Units per ltr. of Diesel	3.16	3.46
Cost/unit (₹)	11.99	9.88
ii) Through Steam Turbine/Generator (units in lacs)	3277.69	1314.08
Unit per quintal of bagasse cost/unit	Steam produced by use of own bagasse	

	2009-11	2008-09
2. Coal (specify quality and where used)	GCV – 6188, 6174, 6152, 4368, 5521, 5631, 4759 Used for generation of steam & in turn power for processing of Raw Sugar	Not directly consumed in production
Quantity (tonnes)	13490.88	-do-
Total Cost (₹ in lacs)	718.09	-do-
Average rate (₹ per MT)	5322.77	-do-
3. Furnace oil (qty.k.ltrs.)	Not directly consumed in production	-do-
Total amount/average rate	-do-	-do-
4. Other/internal generation	Nil	Nil
Quantity total cost rate/unit	Nil	Nil
B) Consumption per unit of Production		
Sugar (lac quintal) (including 8.69 lac quintals processed from Raw Sugar)	124.02	44.34
Electricity (Units per quintal of production)	26.63	30.00
Furnace oil	Nil	Nil
Coal (tonnes per quintal of production) (specify quality – as above)	0.001	Nil
Other (specify)	Nil	Nil

B. Research and Development, Technology Absorption

Distribution of new improved varieties of seed results in increased yield and recovery. Moist heat therapy helps farmers to eradicate seed born diseases. Further, the Company also distributes insecticides, pesticides, fertilisers & manures to protect cane from diseases and for healthy development & growth of Sugarcane. The Company also facilitates farmers to produce multi crops in between the inter-cropping of sugarcane, Ratoon crop management & gap filling. Rearing of speed nurseries of new improved varieties carried out for varietal replacement.

Owing to the above efforts, a 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

The Company shall continue to assist farmers to get improved variety of disease free sugarcane with higher yield & recovery and would also provide better irrigation facility to growers of sugarcane. The Company shall install the plant & machinery with latest technology at its factories, if the industry in which the Company is engaged demands as such.

Expenditure incurred on Research & Development : Nil.

The Company has not imported any technology.

C. Foreign Exchange Earning and Outgo

	2009-11	2008-09
i) Activities relating to exports, initiative taken to increase exports	Various proposals are being examined	Nil
ii) Development of new export market for product and services and export plan	-do-	Nil
iii) Total foreign exchange earnings (₹ lacs)	4940.74	768.75
iv) Used (₹ lacs)	25043.77	11027.73

For and on behalf of the Board of Directors

Kolkata
13th May, 2011

Kishor Shah
Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
Vivek Saraogi
Managing Director

Annexure to the
Directors' Report

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and forming part of the Director's report for the 18 months period ended 31st March, 2011.

Name	Designation, Nature of Duties	Remuneration (₹)	Qualification and Experience (years)	Age (years)	Date of Commencement of Employment	Last Employer, Designation
Vivek Saraogi	Managing Director	35084670	B.Com (Hons.), (23)	45	3rd July, 1987	None
Meenakshi Saraogi	Jt. Managing Director	37454983	B.A. (28)	67	1st October, 1982	None
Kishor Shah	Director-cum-Chief Financial Officer*	*11783570	B.Com., FCA, (23)	47	24th January, 1994	Independent consultancy

**excluding ₹3258000 perquisites on exercise of Stock Options.*

Notes:

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

For and on behalf of the Board of Directors

Kolkata
13th May, 2011

Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
Managing Director

Annexure to the
Directors' Report

Statement as at 31st March, 2011 pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.

a] **Description**

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

b] **Pricing Formula**

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

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

c] **Options vested**: 4,593,000

d] **Options exercised**: 4,225,350

e] **Total number of equity shares arising as a result of exercise of options**: 4,225,350 equity shares of ₹1/- each.

f] **Options lapsed**: 686,500

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

h] **Money realised of the exercise of option**: ₹192,557,590/-

i] **Total no of option in force**: 333,650

j] **Details of option granted to**

i] Senior Managerial Personnel: Options has not been granted during the 18 months period ended 31st March, 2011.

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' – ₹6.35.

l] i) The employee compensation cost has been calculated using the intrinsic value method of accounting for options issued under BCML Employees Stock Option Scheme. The stock-based compensation cost as per the intrinsic value method for 18 months period ended 31st March, 2011 is ₹239.71 lacs.

ii) The employee compensation cost that shall have been recognised if the Company had used the fair value of the options is ₹385.56 lacs. The difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if the Company had used the fair value of the options is ₹145.84 lacs.

iii) Impact of this difference on profits and EPS of the Company: The effect of adopting the fair value method on the net income and earnings per share is presented below:

Net Income/(Loss)	₹ in lacs
As reported	16440.75
Add: Intrinsic value Compensation cost	239.72
Less: Fair value Compensation cost (Black Scholes model)	385.56
Adjusted Net Income/(loss)	16294.91

Earning per share	Basic (₹)	Diluted (₹)
- As reported	6.35	6.35
- As adjusted	6.30	6.29

m] The weighted average exercise price of the options granted on 28.05.2009 is ₹45 per equity share. The weighted average fair value of options is ₹59.80 per option.

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

[1] Method – Black Scholes Model

[2] risk-free interest rate – 7.07%

[3] expected life – 9 years (including vesting period of 1 year)

[4] expected volatility – 29.13%

[5] the price of the underlying share in market at the time of option grant–82.35

For and on behalf of the Board of Directors

Kishor Shah   Vivek Saraogi

Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
Managing Director

Kolkata
13th May 2011

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

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

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

Sunita Kedia

(CA. Sunita Kedia
Membership no. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
13th May 2011

Corporate Governance Report

Philosophy on code of governancee

Corporate Governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically, generate long term wealth and create value for all its stakeholders. Hence your Company recognises that good corporate governance is a continuous exercise.

Your Company, since its inception, being always guided by ethical principles and being transparent and fair in its business dealings and administration, have adequate system of control and check in place to ensure that the executive decisions should result in optimum growth and development which benefits all the stakeholders. The Company aims to increase and sustain its corporate value through growth and innovation.

Board of Directors

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board. As on 31st March, 2011, the constitution of the Board was

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

During the 18 months period ended 31st March, 2011, eight board meetings were held. The Company has held at least one meeting in every quarter and the time gap between two board meetings did not exceed 4 months as prescribed under Clause 49. The details are as follows :

Sl. No.	Date of Board Meeting	Board Strength	Number of Directors present	Number of Independent Directors present
1	25th November, 2009	8	7	4
2	29th January, 2010	8	6	4
3	28th April, 2010	8	6	4
4	24th July, 2010	8	4	2
5	21st September, 2010	8	6	3
6	13th November, 2010	8	7	3
7	4th February, 2011	8	6	3
8	22nd February, 2011	8	5	3

The composition of the Board of Directors as on 31st March, 2011, the number of other Board of Directors or Board Committees of which he/she is a member/Chairperson and the attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as under :

Name of the Director [1]	Category [2]	No. of other Directorships* (Public Limited Company) [3]	No. of Membership/ Chairmanship on other Board Committees** [4]	No. of Board Meetings attended [5]	Attendance at last AGM [6]
Shri Naresh Chandra (Chairman)	Independent, Non-executive	11	10 (including 1 as Chairman)	6	Yes
Shri Vivek Saraogi (Managing Director)	Promoter, Executive	1	Nil	8	Yes
Smt. Meenakshi Saraogi (Jt. Managing Director)	Promoter, Executive	Nil	Nil	3	No
Shri Suresh Neotia (ceased from directorship on 25.11.2009)	Independent, Non-executive	N.A.	N.A.	1	No
Shri Ram Kishore Choudhury	-do-	8	3 (including 2 as Chairman)	7	No
Shri S.B. Budhiraja	-do-	3	3 (including 1 as Chairman)	5	Yes
Shri R. Vasudevan (Appointed on 25.11.2009)	-do-	4	5 (including 1 as Chairman)	7	Yes
Shri M.M. Mukherjee (ceased from directorship on 25.11.2009)	-do-	N.A.	N.A.	Nil	No
Shri Kishor Shah [Director cum Chief Financial Officer]	Non-promoter, Executive	Nil	Nil	8	Yes
Dr. Arvind Krishna Saxena	Non-promoter, Executive	1	1	2	No

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

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

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

Board Committees

Audit Committee

Composition

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

The composition of the Audit Committee

Sl. No.	Name of Directors	Position
1	Shri S.B. Budhiraja	Chairman, Independent, Non-Executive
2	Shri Ram Kishore Choudhury (Appointed on 25.11.2009)	Vice-chairman, Independent, Non-Executive
3	Shri Vivek Saraogi	Member, Promoter, Executive
4	Shri R. Vasudevan (Appointed on 25.11.2009)	Member, Independent, Non-Executive
5	Shri Suresh Neotia (Ceased on 25.11.2009)	Member, Independent, Non-Executive
6	Shri M.M. Mukherjee (Ceased on 25.11.2009)	Member, Independent, Non-Executive

The Audit Committee has the following powers

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

The Role of the Audit Committee includes the following:

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

payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and the creditors.

12. Reviewing Company's financial and risk management policies,
13. Carrying out such other functions which, may be, from time to time specifically referred by the Board of Directors.

The Audit Committee also reviews the following information:

1. The Management's Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief internal auditor; and
6. Review of uses/application of funds raised through (public issue, right issue, preferential issue, GDR etc.)

Meetings and attendance

During the 18 months period ended 31st March, 2011, six Audit Committee meetings were held on 25th November, 2009, 29th January, 2010, 28th April, 2010, 24th July, 2010, 13th November, 2010 and 4th February, 2011.

Name of Directors	Number of Meetings Attended
Shri S.B. Budhiraja	5
Shri Ram Kishore Choudhury	4
Shri Vivek Saraogi	6
Shri R. Vasudevan	5
Shri Suresh Neotia (Ceased on 25.11.2009)	1
Shri M.M. Mukherjee (Ceased on 25.11.2009	–

Shri S.B. Budhiraja, Chairman attended the AGM held on 29th January, 2010 and replied to the queries related to accounts to the satisfaction of the shareholders.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Executive Directors of the Company. The Remuneration Committee comprises four Directors, all of whom are Non-Executive, Independent Directors. The members of the committee are Shri Naresh Chandra, Shri R.K. Choudhury, Shri S.B. Budhiraja and Shri R. Vasudevan. Shri Suresh Neotia ceased as member of the Remuneration Committee on 25th November, 2009. Shri Naresh Chandra is the Chairman of the Committee.

The Remuneration Committee also administers the Employee Stock Option Scheme, which was approved by a resolution of shareholders at the Extra-ordinary General Meetings of the Company held on 8th September, 2005 and 25th May, 2009. During the 18 months period ended 31st March, 2011, two Remuneration Committee meetings were held on 21st September, 2010 and 4th February, 2011. The attendance of the members at the meetings was as follows:

Name of Directors	Number of Meetings Attended
Shri Naresh Chandra	2
Shri R.K. Choudhury	2
Shri S.B. Budhiraja (Appointed on 25.11.2009)	–
Shri R. Vasudevan (Appointed on 25.11.2009)	2
Shri Suresh Neotia (Ceased on 25.11.2009)	–

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, etc.

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

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

Company, subject to a ceiling of ₹150 lacs p.a. each in case of Managing Director, Joint Managing Director and ₹39 lacs p.a. in case of Director-cum-Chief Financial Officer.

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

Details of remuneration to the Directors for the 18 months period ended 31st March, 2011:

Name of the Directors	Salary (₹)	Benefits (₹)	Bonus (₹)	Commission (₹)	Sitting fees (₹)	Total (₹)	Service Contract/ Notice Period/ Severance fees
Shri Naresh Chandra	–	–	–	737305	80000	817305	Retire by rotation
Shri Vivek Saraogi	16500000	2084670	–	16500000	–	35084670	Term of office valid up to 31.03.2014. No notice period and no severance fees.
Smt. Meenakshi Saraogi	16500000	4454983	–	16500000	–	37454983	Term of office valid up to 31.03.2014. No notice period and no severance fees.
Shri Suresh Neotia	–	–	–	49889	20000	69889	Ceased from directorship
Shri R K Choudhury	–	–	–	487305	270000	757305	Retire by rotation
Shri S B Budhiraja	–	–	–	737305	120000	857305	-do-
Shri R Vasudevan	–	–	–	438307	140000	578307	-do-
Shri M M Mukherjee	–	–	–	49889	–	49889	Ceased from directorship
Shri Kishor Shah	5668334	715236	–	5400000	–	11783570	Terms of office valid up to 31.03.2013 subject to re-appointment after retirement by rotation. No notice period, no severance fees.
Dr. Arvind Krishna Saxena	1475000	389229	–	–	–	1864229	Terms of office valid up to 31.07.2011 subject to re-appointment after retirement by rotation. No notice period, no severance fees.

Note: The amount of gratuity has not been shown in the above table, as the Managing Directors & Whole time Directors are entitled to receive gratuity at the end of their tenure. The amount of perquisites on account of exercise of Employee Stock Options amounting to ₹3258000 in respect of Shri Kishor Shah and ₹2139475 in respect of Dr. Arvind Krishna Saxena has not been included in above table.

Shareholders' Committee

i) Share Transfer Committee

A share transfer committee was constituted to deal with various matters relating to share transfer/transmission, allotment, issue of duplicate share certificates, 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. Shri Suresh Neotia ceased as member of the Committee on 25th November, 2009. Shri Kishor Shah was appointed as member of the Committee on 25th November, 2009. During the 18 months period ended 31st March, 2011, 18 Share Transfer Committee Meetings were held.

ii) Shareholders'/Investors' Grievance Committee

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

Shri R K Choudhury, Chairman, Independent Non-executive

Shri S B Budhiraja, Member, Independent Non-executive

Shri Vivek Saraogi, Member, Promoter, Executive

Shri M M Mukherjee ceased as member of the Shareholders'/Investors' Grievance Committee w.e.f. 25th November, 2009. Shri S B Budhiraja was appointed as member of the Committee on 25th November, 2009.

During the 18 months period ended 31st March, 2011, three Shareholders'/Investors' Grievance Committee meetings were held on 25th November, 2009, 28th April, 2010 and 13th November, 2010.

Compliance Officer

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

Details of Shareholders' Complaints received

A total of 291 number of complaints/correspondence were received and replied to the satisfaction of the shareholders during the 18 months period ended 31st March, 2011. There were no outstanding complaints as on 31st March, 2011. 3134 shares were pending for transfer as on 31st March, 2011.

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
2006-07	18.02.2008	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	4.00 p.m.	1. Payment of existing remuneration to Shri K.N. Ranasaria.
2007-08	30.01.2009	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	3.00 p.m.	1. Appointment of Dr. Arvind Krishna Saxena as Wholetime Director. 2. Payment of Commission to Non-Executive Directors.
2008-09	29.01.2010	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	2.30 p.m.	1. Payment of Commission to Non-Executive Directors.

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 23rd July, 2011.

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-Schedule-23, forming part of the Annual Report.

Pursuant to BCML Employee Stock Option Scheme, the Company has allotted 29,24,950 equity shares of ₹1/- each, at a price of ₹45/- per share (including premium of ₹44/-) during the 18 months period ended 31st March, 2011.

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 in properly defined framework.

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

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

vi) Shri R.K. Choudhury, Non-Executive Director hold 35,500 equity shares of the Company as on 31st March, 2011.

Means of Communication

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

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

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

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

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

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

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

General Shareholders' Information

Annual General Meeting

Date and time	:	23rd July, 2011 at 10.30 a.m.
Venue	:	Kalakunj, 48, Shakespeare Sarani, Kolkata - 700 017

Financial Year

The financial year ending of the Company has been extended from 30th September, 2010 to 31st March, 2011. Therefore, current financial year is for 18 months period from 1st October, 2009 to 31st March, 2011. Thereafter, the financial year of the Company will be from 1st April to 31st March every year.

Financial year calendar for 2011 – 12 (Tentative)

Results for the quarter ending 30th June, 2011	–	4th week of July, 2011
Results for the quarter ending 30th September, 2011	–	2nd week of November, 2011
Results for the quarter ending 31st December, 2011	–	2nd week of February, 2012
Results for the quarter ending/ Annual 31st March, 2012	–	3rd week of May, 2012

Book Closure Date

11th July, 2011 to 23rd July, 2011 (both days inclusive) on account of AGM and dividend.

Dividend Payment Date

On or after 28th July, 2011.

Listing of Equity Shares on Stock Exchanges at

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

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

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

iv] GDRs listed at Luxembourg Stock Exchange
SOCIETE DE LA BOURSE DE LUXEMBOURG
11 av de la Porte-Neuve, L-2227 Luxembourg

Listing Fees

Listing fees for the year 2010–11 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
- Regulation S GDR code for BCML is US0587882095
- Rule 144A GDR code for BCML is US0587881006

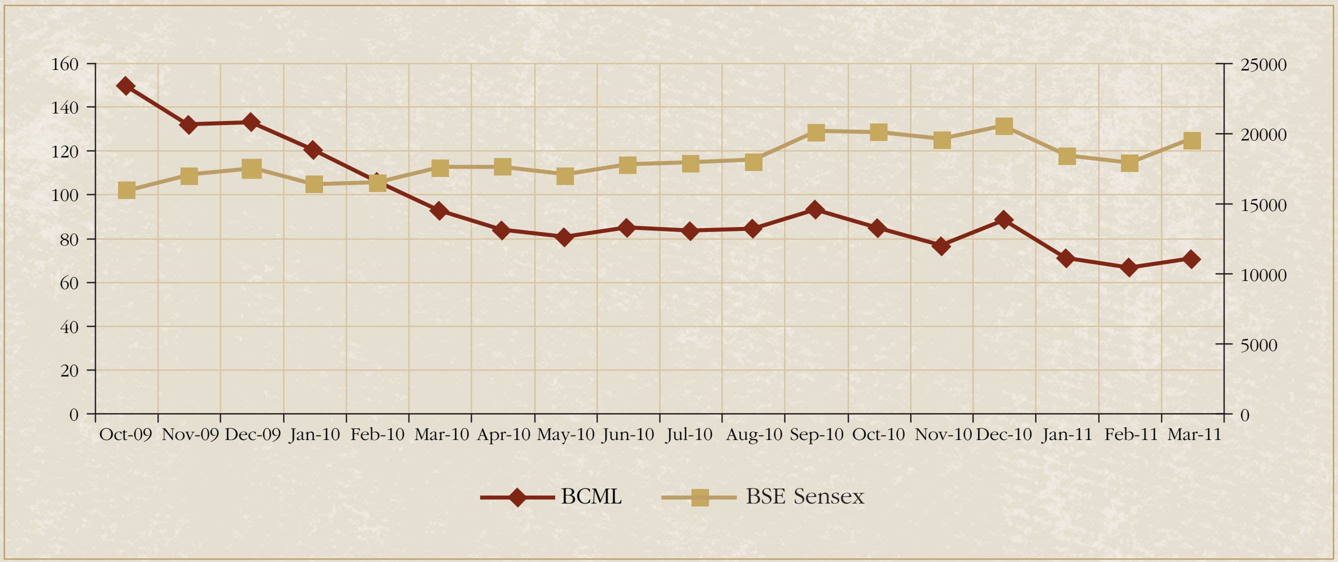
Reuters Code

NSE – BACH.NS and BSE – BACH.BO

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

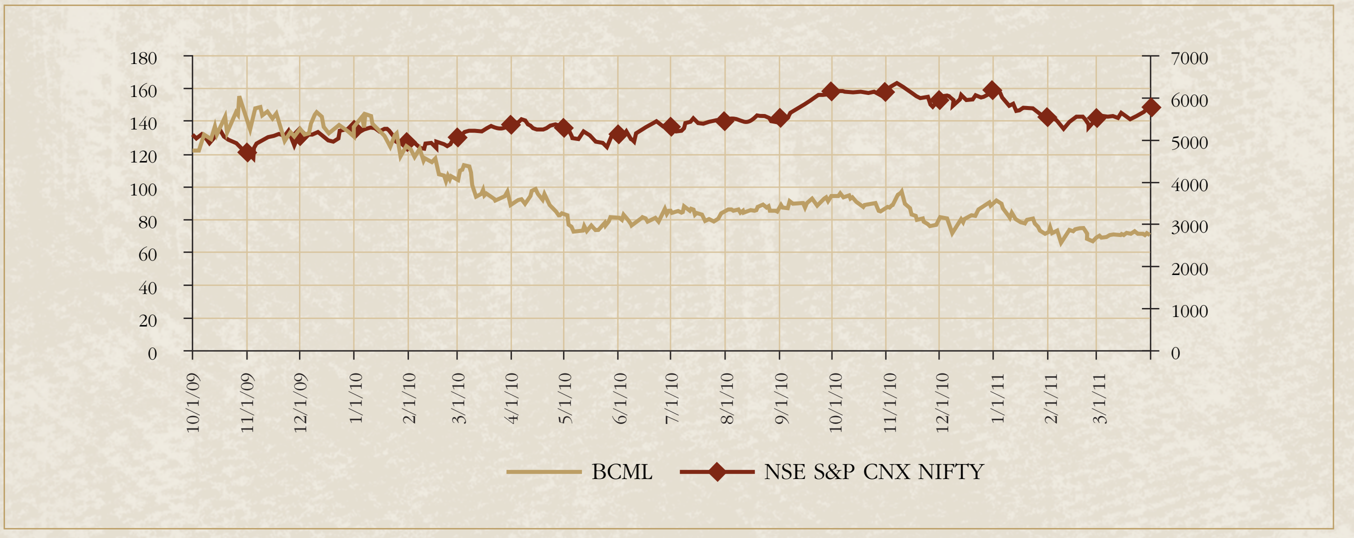
Months	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)
October 2009	168.00	118.25	144883440	167.30	118.30	38033355
November 2009	150.00	120.20	102623445	150.00	120.35	27335731
December 2009	148.40	127.35	70920599	148.40	127.25	18077161
January 2010	145.40	114.00	50539157	145.90	114.00	10886148
February 2010	126.50	100.10	52161189	126.50	100.70	12108649
March 2010	114.60	90.30	101512280	114.00	90.50	22960283
April 2010	99.60	80.70	68252840	99.00	80.55	17517022
May 2010	84.85	70.00	79139658	84.00	67.10	23792547
June 2010	87.25	75.55	52735848	87.15	75.00	11473869
July 2010	88.80	77.55	46425238	88.70	77.50	8502824
August 2010	89.90	80.50	29618980	90.00	82.00	6284955
September 2010	94.90	84.15	60215840	94.10	84.00	11763995
October 2010	95.90	82.60	28146544	95.80	82.80	4464527
November 2010	97.70	71.50	38682137	97.60	71.10	6345678
December 2010	91.40	69.05	43601520	91.40	69.25	7599473
January 2011	92.95	69.00	35657042	92.95	69.60	6424247
February 2011	77.40	62.50	39779799	76.50	62.00	7646189
March 2011	73.75	65.90	21247189	73.80	66.00	4422470

Movement of BCML Share Price vs BSE SENSEX



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

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



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

Share Price Performance

	BSE Sensex		NSE S & P CNX Nifty	
Accounting year (18 months)	**% Change in BCML Share Price**	**% Change in Sensex**	**% Change in BCML Share Price**	**% Change in Nifty**
2009-11	–52.25	+13.54	–52.15	+14.75

Share Transfer System

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

Distribution of Shareholding as on 31st March, 2011 (Face Value: ₹1/- each)

	Demat mode			Physical mode			Total			
Share Holding Range	**Holders**	**Shares**	**% of Total Shares**	**Holders**	**Shares**	**% of Total Shares**	**Holders**	**% of Total Holders**	**Shares**	**% of Total Shares**
Up to 5000	110724	27141358	10.59	16795	1906849	0.74	127519	99.03	29048207	11.34
5001 - 10,000	542	3962796	1.55	48	327920	0.13	590	0.46	4290716	1.67
10,001 -50,000	409	8871444	3.46	30	558260	0.22	439	0.34	9429704	3.68
50,001-100,000	67	4762189	1.86	1	74820	0.03	68	0.05	4837009	1.89
100,001-500,000	98	24276235	9.47	1	284850	0.11	99	0.08	24561085	9.58
500,001-1,000,000	18	13771124	5.37	–	–	–	18	0.01	13771124	5.37
1,000,001 and above	31	170337066	66.47	–	–	–	31	0.03	170337066	66.47
Total	111889	253122212	98.77	16875	3152699	1.23	128764	100.00	256274911	100.00

Pattern of Shareholding as on 31st March, 2011 (Face Value: ₹1/- each)

Category	No. of Shares	% of Holding
Promoters' group	97999890	38.24
Financial Institutions, Insurance Companies, Banks and Mutual Funds etc.	40930655	15.97
Foreign institutional investors & Foreign Financial Institution/Banks	59044222	23.04
Private Corporate Bodies	12978036	5.06
NRIs	1323512	0.52
Trusts	1416753	0.55
Clearing Members	413573	0.16
Indian Public	42168270	16.46
Total	**256274911**	**100.00**

Status of Unpaid Dividend from Financial Year 2003-04

Dividend for the year	Amount of Dividend (₹ in lacs)	Amount of Unpaid Dividend as on 31.03.2011 (₹ in lacs)	% of Dividend Unpaid	Due date of transfer to IEPF
2003-04	1897.23	7.41	0.39	5th September, 2011
2004-05	3708.83	17.23	0.46	29th August, 2012
2005-06 (Interim)	4963.08	18.59	0.37	17th June, 2013
2005-06 (Final)	3722.32	34.41	0.92	18th February,2014
2007-08	1277.68	10.40	0.81	9th March, 2016
2008-09	7752.09	47.30	0.61	8th March, 2017
2008-09*	1.32	0.82	62.12	1st October, 2017

** 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 18 months period ended 31st March, 2011 the Company has transferred unpaid dividend for the financial year 2002-03, amounting to ₹714444 to the Investor Education and Protection Fund (IEPF) of the Central Government

Dematerialisation of Shares

Around 98.77% 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, 2011

Outstanding GDR

16352000 Global Depository Receipts [GDRs] (each GDR represents one underlying equity share of the face value of ₹1/- each of the Company) were issued by the Company on 27th January, 2006 and listed on the Luxembourg Stock Exchange. As on 31st March, 2011 the outstanding GDRs is nil.

Plant location

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

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

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

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

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

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

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

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

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

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

Investors' Correspondence

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

Non-mandatory requirements:

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

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

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

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

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

Code of Conduct

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

Declaration by the Managing Director on the Code of Conduct

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, I, Vivek Saraogi, Managing Director of Balrampur Chini Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the 18 months period ended 31st March, 2011.

Vivek Saraogi

Kolkata
13th May, 2011

Vivek Saraogi
Managing Director

CEO/CFO Certification

The Board of Directors
Balrampur Chini Mills Limited
Kolkata.

Re : Financial Statements for the 18 months period ended 31st March, 2011 –
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 18 months period ended 31st March, 2011 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 18 months period ended 31st March, 2011 which, are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which, we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
   (a) there have been no significant changes in internal control over financial reporting during this period.
   (b) there have been no significant changes in accounting policies during this period.
   (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kishor Shah
Vivek Saraogi

Kolkata
13th May, 2011

Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
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 18 months period ended 31st March, 2011, 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, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investor's grievances remaining unattended/pending for more than 30 days as at 31st March, 2011.

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

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

Sunita Kedia

(**CA. Sunita Kedia**
Membership no. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
13th May, 2011.

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's interest in subsidiary companies during the 18 months period ended 31st March, 2011

1	Name of the subsidiary company	Indo Gulf Industries Ltd.	Balrampur Overseas Pvt. Ltd.
2	The financial year of the subsidiary company ends on	31st March, 2011	31st March, 2011
3	Date from which they became subsidiary company	30th August, 2007	11th October, 2007
4	Holding company's interest	51,62,470 equity shares of ₹1/- each fully paid up	20,00,000 equity shares of Hong Kong $ 1 each fully paid up
5	Extent of holding	53.96%	100%
6	The net aggregate amount of the subsidiary company profit/loss so far as it concerns the members of the holding company		
	a) Not dealt with in the holding company's accounts:		
	i) For the financial year ended 31st March, 2011 (18 months period)	(₹191.94 lacs)	HK $ 22.57 lacs
	ii) For the previous financial years of the subsidiary company since they became the holding company's subsidiary	(₹1528.98 lacs) (after giving effect to the Rehabilitation Scheme approved by the BIFR vide order dated 24.06.10)	(HK $ 4.79 lacs)
	b) Dealt with in the holding company's accounts:		
	i) For the financial year ended 31st March, 2011 (18 months period)	Nil	Nil
	ii) For the previous financial years of the subsidiary company since they became the holding company's subsidiary	Nil	Nil

Financial Information of Subsidiary Companies

Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover/ Total Income	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend	Country
Indo Gulf Industries Ltd	INR (Lacs)	95.67	(559.11)	867.57	867.57	-	478.23	(191.94)	–	(191.94)	–	India
Balrampur Overseas Pvt. Ltd.	INR (Lacs)	114.60	101.89	217.85	217.85	–	140.05	134.10	–	134.10	–	Hong Kong
	HK$ (Lacs)	20.00	17.78	38.02	38.02	–	23.58	22.57	–	22.57	–	

As on 31.03.2011, 1 HK $ = ₹5.73.

For and on behalf of the Board of Directors

Kolkata	**S.K. Agrawala**	**Kishor Shah**	**Vivek Saraogi**
13th May, 2011	*Secretary*	*Director cum Chief Financial Officer*	*Managing Director*

Management Discussion And Analysis

Industry structure and development

Sugar is India's largest agro-based industry, next only to textiles. In India, sugar is extracted from sugarcane. Sugarcane is grown in semi-tropical regions and accounts for around two-third of the world's sugar production. Most of the sugarcane produced in India covers a 10-12 month crop planted from January to March.

India's sugarcane growing areas may be broadly classified into two agro-climatic regions - tropical and sub-tropical. The major sugarcane producing states in the tropical areas of India comprises Maharashtra, Andhra Pradesh, Tamil Nadu and Gujarat. India's sub-tropical regions include U.P, Bihar, Punjab and Haryana. These regions witness extreme weather conditions. India's per capita sugar consumption at 20 kg is lower than Brazil's (58 kg), but higher than China's (14 kg) with 3% to 3.5% year-on-year growth. After two consecutive years of declining sugar production (2007-08 and 2008-09), output surged in 2009-10 and 2010-11.

India is the world's largest consumer and second-largest producer of sugar after Brazil. It is the only industry that provides sugar at subsidised rates to families below the poverty line via a nationwide public distribution system, covering 600 mills across India in the public, private and co-operative sectors. India accounts for about 15% of the world's sugar production.

By-products

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

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

Cogeneration: The fibre (30% - 33% per tonne of sugar cane crushed) derived from crushing sugar cane is known as bagasse, which is used as a combustible in furnaces to produce steam, which is then used to generate power. Sugar mills use bagasse to generate power needed for processing sugarcane and the surplus power is exported to the power grid. The Indian sugar industry has the potential to generate about 6,000 MW of power. Already, 50 units have an installed capacity to cogenerate around 900 MW of surplus power and a capacity of 1000 MW is in the process of being installed by 50 sugar mills *(Source: ISMA)*.

The Government of India has shown a keen interest in promoting the cogeneration of power.

Bagasse-based energy does not involve mining, extraction and long-distance transportation expenses as is the case with other fossil fuels. Cogeneration may also bring additional revenues from the monetisation of Certified Emission Reduction (CER) credits, within the terms of CDM.

Alcohol: Molasses is used primarily in alcohol production (rectified spirit). It accounts for 4.3% - 4.7% per tonne of sugar cane crushed. Alcohol is used as a raw material for the industrial manufacture of potable alcohol and fuel ethanol. The result is that around 80% of the total potable alcohol production in India is derived from molasses. The production of fuel ethanol emerged as a viable option, with the potential to earn carbon credits in line with the encouragement provided to other biofuels.

Ethanol: Ethanol is a clear, colourless liquid with an agreeable odour. Demand for ethanol is driven by the mandatory blending of petrol with ethanol, wherein under the National Biofuel Policy, it will be mandatory to blend 20% by 2017. At a 10% blending level, ethanol demand is expected to grow to 1,859 million litres.

Organic manure: Press mud accounts for around 3%-3.5% per tonne of the sugarcane crushed. Sulphination press mud is mainly used as manure. The press mud organic manure is free of inorganic elements present in the traditional form of organic manures, commonly used by the farming community. Crops yield good results when applied during early land preparation. It increases soil porosity and helps the crop in the uptake of chemical fertilisers (NPK).

Opportunities and threats

Strengths

- India is the world's second-largest producer of sugar after Brazil
- In India, sugar is an essential item of mass consumption
- The sugar industry has been the focal point of socio-economic development in rural India by mobilising rural resources, generating employment, providing higher income opportunities, transport and communication facilities
- It supports downstream industries through the generation of by-products
- Strong government policies favouring the sugar sector as it is an essential commodity of mass consumption
- The industry generates its own replenishable biomass and uses it as fuel without depending on fossil fuel

Opportunities

- High value of by-products for downstream industries
- Increasing government focus on the cogeneration of power and ethanol utilisation
- Effective mechanism can increase cane productivity and sugar recovery
- Technology upgradation, new advanced technology available for by-product utilisation

Industry threats and challenges

Threats

- The sugar sector is exposed to political interventions in raw material pricing, sale timing, levy quota and ad hoc measures
- Unreasonable increase in sugarcane prices in comparison to sugar selling prices
- Industry cyclicality

Challenges

- Groundwater availability for irrigation
- Unhealthy competition
- Factories using old technology

Outlook

Please refer to the Directors' Report.

Segment-wise or product-wise performance

Sugar: The sugar segment constitutes the largest share of aggregate revenues. The segment contributed 84.57% of the Company's total turnover during the period under review compared to 84.79% in 2008-09.

Alcohol: Revenue from the alcohol segment contributed 5.37% of the Company's revenue in the period under review compared to 7.69% in 2008-09.

Cogeneration: Revenue from this segment contributed 9.94% of the Company's revenue in the period under review compared to 7.37% in 2008-09.

Organic manure: Revenue from this segment contributed 0.13% of the Company's revenue in the period under review compared to 0.15% in 2008-09.

Segment-wise Revenue

(₹ in crores)

Products	September 2007	September 2008	September 2009	March 2011*
Sugar	1,199.83	1,128.87	1,445.64	2,521.20
Alcohol	134.99	168.26	131.17	160.05
Cogeneration	145.97	175.52	125.60	296.29
Organic manure	0.78	1.52	2.56	3.78
Total	**1,481.57**	**1,474.17**	**1,704.97**	**2,981.32**

** 18 months period ended 31st March, 2011*

Risks and concerns

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

Climatic risk

Sugar cultivation is monsoon-dependent. Consequently, business is often unpredictable and vulnerable, particularly in adverse climatic conditions.

Risk response: The Company's command area is mostly covered by irrigation facilities like tubewells, borings and other water resources, while other areas are adequately covered by rainfall. The Company has also initiated cane development programmes to encourage the plantation of drought-resistant cane varieties. Further, sugarcane is a hardy crop and can withstand climatic extremities.

Regulatory risk

The sugar industry is regulated by the central and state governments. Sugarcane price, known as FRP, is fixed by the central government well before the advent of the season while the state government fixes the State Advised Price (SAP), always significantly higher than FRP. The state government controls the sugarcane command area while the central government regulates exports and imports.

Risk response: The Company, in close association with ISMA and SISMA, is in the process of developing a common strategy to place appropriate policies and reduce governmental influence in the sugar sector and help decontrol the sugar industry.

Raw material risk

Sugarcane is the main raw material in sugar mills. Lower sugarcane realisations or cane payment arrears to growers could lead to a shift to alternative crops. Thus, there may be shortfall in cane availability due to lower cultivable area.

Risk response: The Company has taken steps, as stated subsequently, to obtain a better quality cane leading to a better recovery:

- Careful monitoring of cane planting and harvesting schedule.
- Close monitoring of cane development activities, which includes subsidies on good quality seeds, fertilisers and manure, among others.
- Timely cane payment to farmers and maintaining good relation with them through the timely distribution of indents, proper surveys, among other initiatives.
- Incentive to farmers to cultivate higher volumes of cane in the Company's command area.

Realisation/sugar price risk

Being cyclical in nature, realisations get adversely affected during a downturn. Higher cane price or higher production than demand affects profitability.

Risk mitigation: To survive the adverse cyclicality of the sugar business, the Company adopted an integrated business model which enables it to stabilise the topline and strengthen the bottomline. The Company de-risked its dependence on sugar to some extent. It diversified its business and utilised its by-products to the optimum by engaging in the co-generation of power and in the distillery manufacturing facility.

Financial liquidity risk

Procurement of funds to meet working capital requirements and the payment of the interest and principal with respect to loans availed. Efficient procurement of funds and its economic helps operations.

Risk response: The financial strength of the Company is sound, which enables it to arrange funds in various ways. The ECBs availed by the Company have been adequately hedged against foreign exchange rate fluctuations.

Internal control systems and their adequacy

The Company has well-established, robust internal control systems and processes, commensurate with its nature of business and the size of operations, to ensure smooth functioning. This safeguards assets against unauthorised use, as well as correct recording and reporting of transactions. Such controls, subject to periodical review, also ensure efficiency of operations, accuracy and promptness of financial reporting, besides complying with applicable laws and regulations.

There exists an effective internal audit system, commensurate with the requirements of the Company. The Audit Committee of the Board of Directors comprises Independent Directors, who oversee the functions of internal audit, review the reports and monitor implementation of suggestions. The Audit Committee regularly interacts with the Statutory Auditors about the adequacy of internal audit systems.

Financial performance

Capital structure

The Company's equity capital was ₹25.63 crores as on 31st March, 2011 compared to ₹25.68 crores in 2008-09. This is a consequence of the extinguishment of shares after buy back by the Company, issue of shares to employees under ESOP and allotment of shares under the scheme of arrangement as approved by BIFR. The Company's share capital comprises 25,62,74,911 equity shares of ₹1 each (fully paid up) as on 31st March, 2011.

Reserve and surplus

Reserves and surplus increased 9.93% from ₹1149.58 crores to ₹1263.73 crores, on account of retained earnings and issue of shares to employees under ESOP at a premium.

During the period under review, revaluation reserve remained unchanged and capital reserve increased from ₹10.06 crore to ₹10.28 crores owing to the capital subsidy received from the government. The capital redemption reserve increased to ₹25.34 crores from ₹25 crores owing to a transfer from general reserve following the buyback of equity shares. The Company's securities premium reserve increased marginally by 4.06%, from ₹498.12 crores to ₹518.36 crores.

This was mainly on account of the exercise of employee stock options. The free reserves of the Company at the end of March, 2011 stood at ₹1,250.68 crores and comprises nearly 98.97% of the total reserves and surplus.

Loan profile

The borrowed funds of the Company increased 106.44%, from ₹972.03 crores to ₹2,006.69 crores, on account of working capital and short-term loans amounting to ₹1,290.02 as on 31st March, 2011. The increase in working capital loans was owing to a change of the year-end from September to March; the working capital loan at March-end is generally higher compared to September as the annual production of sugar, which is usually completed by March is sold gradually throughout the year.

Capital employed

The capital employed by the Company in the business increased 53.54% from ₹2,146.57 crores to ₹3,295.86 crores, mainly owing to changes in the reporting date. The Company's ROCE during the period under review stood at 19.56%.

Gross block and depreciation

The gross block of the Company increased marginally from ₹2,374.50 crores to ₹2,500.60 crores as at March, 2011, owing to a merger of the sugar division of the Indo Gulf Industries Ltd. The Company provided ₹168.11 crores on account of depreciation, in line with the Straight Line Method during the period under review. Accumulated depreciation, as a percentage of gross block, stood at 31.62%, indicating a newness of assets.

Investments

Cumulative investments increased from ₹126.57 crores to ₹128.61 crores, mainly constituting liquid funds in mutual funds.

Inventories

Inventories increased substantially from ₹343.43 crores to ₹1,491.31 crores, owing to the stock of finished goods inventory and other by-products. This was a consequence of a change in the reporting date from September to March.

Sundry debtors

The debtors increased from ₹17.10 crores to ₹89.74 crores. Of the total debtors, ₹87.89 crores of debt was less than six months old. The increase in debtors was on account of a change in the reporting date from September to March as after the closing of crushing operations around March, sale from power export comes to end with in a period of 2-3 months.

Loans and advances

Loans and advances comprised 17.97% of the Company's current assets. Loans and advances increased from ₹311.23 crores in 2008-09 to ₹353.38 crores in 2009-11.

Human resources

The Company recognises its people to be the primary source of its competitiveness. The Company is committed to equal employment opportunities to attract the best available talent and to ensure a cosmopolitan work force. It pursues management practices designed to enrich the quality of life to its employees, develop their potential and maximise their productivity. The Company's total employee strength was 5,659 employees as on 31st March, 2011. The relation between the management and employees continued to be cordial.

Cautionary statement

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

Financial Section

Auditor's Report

To the members of
Balrampur Chini Mills Limited

1. We have audited the attached Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED** as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for 18 months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

   e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,

      ii) in the case of the Profit & Loss Account, of the **PROFIT** for the 18 months period ended on that date, and

      iii) in the case of the Cash Flow Statement, of the cash flows for the 18 months period ended on that date.

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

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
13th May, 2011.

(CA. Sunita Kedia
Membership No. 60162)
Partner

Annexure to the Auditor's Report

Statement referred to in our report of even date to the members of BALRAMPUR CHINI MILLS LIMITED on the accounts for the 18 months period ended 31st March, 2011.

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

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

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

ii) a) The inventories have been physically verified during the period 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 are not applicable to the Company.

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

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

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

(ix) a) On the basis of our examination, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Investor Education and Protection Fund, Wealth Tax and other statutory dues with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable. On the basis of our information, the provisions of Employees' State Insurance Act are not applicable to the Company.

b) The disputed statutory dues aggregating to ₹1088.01 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	2007-08	2.06	Asst. Commissioner of Central Excise - Lucknow
2	Central Excise Act, 1944	Cenvat Credit	2008-10	2.40	Commissioner of Central Excise - Lucknow
3	Central Excise Act, 1944	Cenvat Credit	2010-11	1.20	Asst. Commissioner of Central Excise - Lucknow
4	Central Excise Act, 1944	Cenvat Credit	2005-07	15.69	Addl. Commissioner - Allahabad
5	Central Excise Act, 1944	Cenvat Credit	2005-06 to 2009-10	99.94	CESTAT- New Delhi
6	Central Excise Act, 1944	Cenvat Credit	2006-10	4.23	Commissioner (Appeals) Central Excise - Allahabad
7	Central Excise Act, 1944	Excise Duty	1995-96	0.58	Commissioner of Central Excise - Faizabad
8	Central Excise Act, 1944	Excise Duty	2003-04	1.03	Commissioner of Central Excise (Appeals) - Allahabad
9	Central Excise Act, 1944	Excise Duty	2009-10	11.00	High Court Allahabad - Lucknow Bench

Sl. No.	Name of the statute	Nature of dues	Period to which pertain	Amount (₹ in Lacs)	Forum (Where the dispute is pending)
10	Central Excise Act, 1944	Excise Duty	2003-04 to 2008-09	146.66	Appellate Tribunal - New Delhi
11	Central Excise Act, 1944	Excise Duty	2008-10	4.08	High Court Allahabad - Lucknow Bench
12	Central Excise Act, 1944	Excise Duty	1998-2000	1.02	Jt./Dy. Commissioner of Central Excise - Allahabad
13	Central Excise Act, 1944	Excise Duty	2005-06	4.80	Asst.Commissioner of Central Excise - Lucknow
14	Central Excise Act, 1944	Excise Duty	2003-04	6.57	Tribunal - New Delhi
15	Central Excise Act, 1944	Excise Duty	2003-04	3.08	High Court - Allahabad
16	Central Excise Act, 1944	Excise Duty	2007-08	2.88	Jt. Commissioner of Central Excise - Allahabad
17	Central Excise Act, 1944	Excise Duty	2006-07	5.75	Jt. Commissioner of Central Excise - Allahabad
18	Central Excise Act, 1944	Excise Duty	2006-07	1.25	Commissioner (Appeals) - Allahabad
19	Central Excise Act, 1944	Excise Duty	2007-08	4.82	Commissioner (Appeals) - Allahabad
20	Central Excise Act, 1944	Excise Duty	2008-10	1.47	Commissioner (Appeals) - Lucknow
21	Central Excise Act, 1944	Excise Duty	2008-09	0.77	Asst. Commissioner - Sitapur
22	Central Excise Act, 1944	Excise Duty	2009-10	4.91	Asst. Commissioner - Sitapur
23	Central Excise Act, 1944	Excise Duty	2009-10	4.61	Asst. Commissioner - Sitapur
24	Central Excise Act, 1944	Excise Duty	2009-10	34.72	High Court Allahabad - Lucknow Bench
25	Central Excise Act, 1944	Excise Duty	2003-05	82.16	Jt. Commissioner (Adj.) Central Excise - Allahabad
26	Central Excise Act, 1944	Service Tax	2006-08	2.13	Tribunal - New Delhi
27	U.P.Trade Tax Act, 1948	Sales Tax	1990-91	0.22	High Court
28	U.P.Trade Tax Act, 1948	Sales Tax	2002-03	0.65	Jt. Commissioner (Appeal)
29	U.P.Trade Tax Act, 1948	Sales Tax	2007-08	0.89	Asst. Dy. Commissioner
30	U.P.Trade Tax Act, 1948	Entry Tax	2007-08	0.27	Asst. Dy. Commissioner
31	Entry Tax Act, 2008	Entry Tax	2010-11	8.00	Jt. Commissioner Commercial Taxes
32	The Indian Stamp Act, 1899	Stamp Duty	2002	5.29	High Court - Lucknow
33	The Indian Stamp Act, 1899	Stamp Duty	2006-07	11.04	ADM Balrampur
34	The Indian Stamp Act, 1899	Stamp Duty	2009	78.19	District Magistrate - Barabanki
35	The Indian Stamp Act, 1899	Stamp Duty	1992	5.09	District Magistrate - Barabanki
36	The Indian Stamp Act, 1899	Stamp Duty	1997, 1999 & 2008	44.50	High Court Allahabad - Lucknow Bench
37	The Indian Stamp Act, 1899	Stamp Duty	2010	370.20	Addl. District Magistrate - Gonda
38	The Indian Stamp Act, 1899	Stamp Duty	1995-96	12.60	High Court Allahabad - Lucknow Bench
39	The Indian Stamp Act, 1899	Stamp Duty	1994	19.32	High Court Allahabad - Lucknow Bench
40	Sugar Incentive Scheme, 2004 of U.P. Govt.	Entry Tax	2007-08	64.54	High Court - Lucknow
41	U.P. Zamindari Abolition and Land Reforms Act, 1950	Land Rent	2003	17.40	Tehsildar - Gonda
	Total			**1088.01**	

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

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

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

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

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

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

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

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

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

xix) The Company has not issued any debentures.

xx) The Company has not raised any moneys by public issue during the period 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 period that causes the financial statements materially misstated.

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

Sunita Kedia

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
13th May, 2011.

(C.A. Sunita Kedia
Membership No. 60162)
Partner

Balance Sheet As at 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March, 2011		As at 30th September, 2009	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	2562.75		2567.55	
b) Reserves & Surplus	2	127233.62		114957.73	
		129796.37		117525.28	
c) Share Holders Account (Refer Note No. 9 of Schedule - 23)		(860.67)	128935.70	–	117525.28
2. Loan Funds					
a) Secured Loans	3	170668.83		97202.88	
b) Unsecured Loans	4	30000.00	200668.83	–	97202.88
3. Deferred Tax Liability (Refer Note No. 7 of Schedule - 23)			28340.47		26163.47
Total			**357945.00**		**240891.63**
II. APPLICATION OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		250060.00		237449.99	
b) Less: Depreciation & Amortisation		79066.55		60440.17	
c) Net Block		170993.45		177009.82	
d) Capital Work-in-Progress		608.94		665.62	
			171602.39		177675.44
2. Investments	6		12860.75		12657.15
3. Deferred Tax Assets (Refer Note No. 7 of Schedule - 23)			5855.69		5775.69
4. Current Assets, Loans & Advances					
a) Inventories	7	149130.58		34343.01	
b) Sundry Debtors	8	8974.38		1710.01	
c) Cash and Bank Balances	9	3222.29		3297.39	
d) Other Current Assets	10	26.69		15.49	
e) Loans and Advances	11	35337.93		31123.01	
		196691.87		70488.91	
Less: Current Liabilities & Provisions					
a) Current Liabilities	12	24084.12		15548.54	
b) Provisions	13	4981.58		10210.29	
		29065.70		25758.83	
Net Current Assets			167626.17		44730.08
5. Miscellaneous Expenditure	14				
(To the extent not written off or adjusted)			–		53.27
Total			**357945.00**		**240891.63**
Significant Accounting Policies	22				
Notes on Accounts	23				

Schedules 1 to 14, 22 & 23 referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

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

Sunita Kedia | S. K. Agrawala | Kishor Shah | Vivek Saraogi

(CA. Sunita Kedia
Membership No. 60162)
Partner

S. K. Agrawala
Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

Profit & Loss Account For the 18 months period ended 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
I. INCOME					
Gross Turnover					
Sales		306321.81		177101.78	
Less: Excise Duty & Cess		9082.84		7097.35	
Net Turnover			297238.97		170004.43
Other Income	15		1982.80		622.52
Total			**299221.77**		**170626.95**
II. EXPENDITURE					
(Increase)/ Decrease in Stock	16		(116699.15)		26327.88
Cost of Raw Materials Consumed			310106.03		76338.10
Purchase of Traded Goods			9893.68		–
(Profit)/Loss from Farm Accounts	17		(17.22)		6.90
Salaries, Wages & Other Employees' Benefits	18		15857.99		9018.76
Other Manufacturing & Administrative Expenses	19		24396.82		12429.84
Selling Expenses	20		2453.17		1056.79
Interest & Other Financial Charges (Net)	21		13814.36		9684.59
Depreciation & Amortisation			16810.96		10794.38
Adjustments relating to earlier years (Refer Note No. 18 of Schedule - 23)			5.00		8.96
Total			**276621.64**		**145666.20**
III. PROFIT BEFORE TAX			**22600.13**		**24960.75**
Less: Provision for Tax					
Current Tax (Including Wealth Tax ₹50.00 Lacs; Previous year ₹33.00 Lacs)		3804.00		3449.00	
Fringe Benefit Tax		–		28.00	
Deferred Tax		2097.00		6128.43	
MAT Credit Write Down / (Entitlement) (Refer Note No.14 of Schedule-23)		262.18		(5904.18)	
Income Tax Provision for Earlier Years Written Back		(3.80)	6159.38	(1391.09)	2310.16
IV. PROFIT AFTER TAX			**16440.75**		**22650.59**
Less: Loss of Maizapur Sugar Unit on Merger (Refer Note No.32 (d) of Schedule-23)			1248.17		–
Add: Balance brought forward			4238.55		1599.68
V. PROFIT AVAILABLE FOR APPROPRIATION			**19431.13**		**24250.27**
VI. APPROPRIATIONS					
Proposed Dividend on Equity Shares			1852.05		7702.65
Tax on Proposed Dividend			300.45		1309.07
Dividend on Equity Shares (Including Tax on Dividend) for previous year			59.38		–
General Reserve			10000.00		11000.00
Balance Carried to Balance Sheet			7219.25		4238.55
			19431.13		**24250.27**
Earnings per Share (Nominal value per Share ₹1/-)					
(Refer Note No. 19 of Schedule - 23)					
- Basic (₹)			6.35		8.86
- Diluted (₹)			6.35		8.84
Number of Shares used in computing Earnings per Share					
- Basic			258756052		255623126
- Diluted			258890232		256189222
Significant Accounting Policies	22				
Notes on Accounts	23				

Schedules 15 to 23 form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

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

(CA. Sunita Kedia
Membership No. 60162)
Partner

S. K. Agrawala
Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

Cash Flow Statement For the 18 Months period ended 31st March, 2011

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		**22600.13**		**24960.75**
Adjustments to reconcile Net Profit before tax to Cash Flow provided by Operating Activities :				
Depreciation & Amortisation	16810.96		10794.38	
Interest	13844.72		9694.24	
Provision for Doubtful Debts / Advances	98.71		6.00	
Provision for Retirement Benefits of Employees	35.34		1.02	
Provision for Liabilities Written Back	(0.45)		–	
Provision for Dimunition in value of Investments	283.27		–	
Unspent Liabilities / Balances Written Back	(291.93)		(148.94)	
Provision for Doubtful Debts/Advances Written Back	(83.96)		–	
Sundry Debit Balances / Advances Written Off	166.44		54.68	
Bad Debts Written Off	404.19		–	
Profit on Sale of Fixed Assets	(18.84)		(35.09)	
Loss on Sale/discard of Fixed Assets	1823.35		683.30	
Profit on Sale of Investments	–		(41.78)	
Unrealised Exchange Rate Fluctuation - (Gain) /Loss	(11.08)		14.77	
Employee Stock Option Expense	239.71		891.11	
Share Issue Expenses Written Off	53.27		124.83	
Transfer to Storage Fund for Molasses	78.40	33432.10	17.94	22056.46
Operating Profit before Working Capital changes		**56032.23**		**47017.21**
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :				
Trade Debtors & Other Receivables	(11282.69)		4267.96	
Inventories	(112014.21)		21296.06	
Trade Payables and Other Liabilities	7538.32	(115758.58)	(4394.73)	21169.29
Cash Generated from Operations		**(59726.35)**		**68186.50**
Direct Taxes Paid		(2212.02)		(4010.01)
Net Cash Generated / Used - Operating Activities		**(61938.37)**		**64176.49**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets (Including Intangibles)	(6049.28)		(1090.06)	
Sale of Fixed Assets	708.24		278.63	
Sale/(Purchase) of Shares of Associates	(225.01)		136.44	
Investment in Shares of a Subsidiary	(7.49)		–	
Purchase of Investments	(0.70)		–	
Purchase of Post Office NSC	(1.10)		(2.69)	
Proceeds from maturity of Post Office NSC	–		1.37	
Fixed Deposits made with Banks	(261.65)		(586.43)	
Fixed Deposits redeemed from Banks	81.78		593.15	
Loan Given to a Subsidiary	(129.13)		(4182.34)	
Loan Received back from a Subsidiary	–		4182.34	
Loan Given to Others	(7552.00)		(12050.00)	
Loan Received back from Others	202.00		9300.00	
Interest Received from a Subsidiary	23.28		1002.07	
Interest Received on Fixed Deposits / Loans / Govt. Securities	555.28		103.70	
Net Cash Generated / Used - Investing Activities		**(12655.78)**		**(2313.82)**

Cash Flow Statement (Contd...)

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Exercise of Stock Options	1316.23		548.44	
Buy Back of Equity Shares	(3265.96)		–	
Capital Subsidy	21.80		–	
Proceeds from Long Term Borrowings	–		5570.23	
Repayment of Long Term Borrowings	(25754.85)		(10468.53)	
Repayment/Proceeds from Other Borrowings (Net)	126570.73		(32990.04)	
Interest Paid	(15272.34)		(11036.25)	
Dividend Paid including Tax thereon	(9071.10)		(1494.82)	
Net Cash Generated / Used - Financing Activities		**74544.51**		**(49870.97)**
Net Increase in Cash & Cash Equivalents (A+B+C)		**(49.64)**		**11991.70**
Opening Cash and Cash Equivalents		15271.75		3280.05
Cash & Bank Balance acquired from Demerged Undertaking		52.46		–
Closing Cash and Cash Equivalents		**15274.57**		**15271.75**

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 Standard) Rules, 2006.
2) Interest paid is exclusive of, and Purchase of Fixed Assets is inclusive of, interest capitalised Nil (previous year Nil).
3) Additions to Fixed Assets include movement of Capital Work-in-Progress during the period.
4) Consideration for Sale and Purchase of Shares of Associates fully discharged by means of Cash.
5) Repayment / Proceeds from Other Borrowings have been shown on net basis.
6) Current Investments carry insignificant risk and are readily convertible into known amount of Cash, hence considered as part of Cash & Cash Equivalents.
7) Cash & Cash Equivalents do not include any amount which is not available to the Company for its use.
8) Cash and Cash Equivalents at the end of the period consists of:

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
a) Cash on hand		121.10		127.90
b) Cheques on hand		69.44		637.00
c) Balance with Banks on Current Accounts		2583.57		2304.90
d) Balance with Post Office on Saving Bank Accounts		0.46		0.46
e) Current Investments (In Liquid Schemes of Mutual Funds)		12500.00		12201.49
		15274.57		**15271.75**

9) Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the equivalent items as reported in the Balance Sheet :

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
Cash and Cash Equivalents as per Cash Flow Statement		15274.57		15271.75
Add : Fixed Deposits classified as Investing Activities		311.56		130.14
Add : Bank Balances in Unclaimed Dividend Accounts not considered as an item of Cash & Cash Equivalents in Cash Flow Statement		136.16		96.99
Less : Current Investments classified as Cash Equivalents		12500.00		12201.49
Cash and Bank Balances as reported in the Balance Sheet		**3222.29**		**3297.39**

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

This is the Cash Flow Statement referred to in our report of even date.

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

(CA. Sunita Kedia
Membership No. 60162)
Partner
7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

S. K. Agrawala
Secretary

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
1 SHARE CAPITAL				
Authorised				
40,00,00,000 (Previous year 40,00,00,000) Equity Shares of ₹1/- each	4000.00		4000.00	
25,00,000 (Previous year 25,00,000) Preference Shares of ₹100/- each	2500.00		2500.00	
		6500.00		**6500.00**
Issued, Subscribed and Paid up				
25,62,74,911 (Previous year 25,67,55,060) Equity Shares of ₹1/- each fully paid up				
(Refer Note No. 8 of Schedule - 23)		2562.75		2567.55
		2562.75		**2567.55**

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
2 RESERVES & SURPLUS				
Capital Reserves				
Balance as per last account	1006.42		86.42	
Add: Forfeiture of Deposit against Convertible Warrants	–		920.00	
Add: Capital Subsidy	21.80	1028.22	–	1006.42
Capital Redemption Reserve				
Balance as per last account	2500.00		2500.00	
Add: Transfer from General Reserve on Buy Back of Equity Shares				
(Refer Note No. 9 of Schedule - 23)	34.49	2534.49	–	2500.00
Securities Premium				
Balance as per last account	49811.81		48758.96	
Add: On Issue of Equity Shares (Refer Note No. 32 (c) of Schedule - 23)	38.76		–	
Add: On Exercise of Employees Stock Option	1984.94	51835.51	1052.85	49811.81
Revaluation Reserve				
Balance as per last account		18.24		18.24
Employees Stock Option Adjustment Account				
Balance as per last account	840.82		196.18	
Add: Options Granted	–		546.99	
Add: Revision in Options Price	–		645.23	
	840.82		1388.40	
Less: Options Exercised	697.96		516.60	
Less: Options Forfeited	30.42		30.98	
	112.44		840.82	
Less: Deferred Employee Compensation Expenses (Refer Note No. 10 of Schedule - 23)	–	112.44	270.13	570.69
General Reserve				
Balance as per last account	56744.54		45744.54	
Add: Transfer from Profit & Loss Account	10000.00		11000.00	
	66744.54		56744.54	
Less: Utilised on Buy Back of Equity Shares	2370.80		–	
Less: Transfer to Capital Redemption Reserve on Buy Back of Equity Shares				
(Refer Note No. 9 of Schedule - 23)	34.49	64339.25	–	56744.54
Profit & Loss Account				
Surplus as per Annexed Account		7219.25		4238.55
Storage Fund for Molasses				
Balance as per last account	67.48		49.54	
Add: Transfer from Maizapur Sugar Unit on Merger (Refer Note No. 32 (b) of Schedule - 23)	0.34		–	
Add: Transfer from Profit & Loss Account	78.40	146.22	17.94	67.48
		127233.62		**114957.73**

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009
3 SECURED LOANS		
A. TERM LOANS		
i. Rupee Loans		
a) State Bank of India (SBI)	–	633.84
b) State Bank of India (SBI) (Interest Free)	4996.78	11643.00
c) Punjab National Bank (PNB) (Interest Free)	224.00	510.00
d) Government of India, Sugar Development Fund (SDF)	10796.29	12355.86
e) Government of India (GOI) (Interest Free)	–	80.25
II. External Commercial Borrowings (ECB)		
a) State Bank of India (SBI)	13786.50	17251.11
b) UCO Bank (UCO)	4120.50	4120.50
c) ABN Amro Bank, NV (ABN)	4801.26	8056.15
d) CITI Bank (CITI)	2946.70	4420.00
e) BNP Paribas (BNP)	–	2327.50
f) Standard Chartered Bank (SCB)	3060.40	4372.00
g) DBS Bank Ltd. (DBS)	6651.00	6651.00
h) Cooperative Centrale Raiffeisen- Boerenleenbank, B.A. (CCRB)	8928.16	8928.16
i) International Finance Corporation, Washington (IFC)	11355.36	15853.51
Total (A)	**71666.95**	**97202.88**
B. WORKING CAPITAL LOANS		
a) State Bank of India (SBI)	97691.26	–
b) Punjab National Bank (PNB)	1310.62	–
Total (B)	**99001.88**	**–**
Total (A+B)	**170668.83**	**97202.88**
Summary of Secured Loans		
Loans from Banks	148517.18	68913.26
Loans from Others	22151.65	28289.62
	170668.83	**97202.88**
Interest Accrued & Due Included Above		
In loans from Banks	–	8.84

Notes :

1. Rupee Term loan 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 co-generation units at Akbarpur and also guaranteed by the Managing Director of the Company (due within a year Nil, previous period ₹633.84 lacs).
2. a) Interest Free Rupee Term Loan amounting to ₹4853.00 lacs from SBI is secured by way of residual charge on immovable properties, both present and future, pertaining to Company's all sugar units (excluding Maizapur Sugar Unit), hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with PNB and residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company (excluding Maizapur Sugar Unit) (due within a year ₹4853.00 lacs, previous period ₹6790.00 lacs).

   b) Interest Free Rupee Term Loan amounting to ₹143.78 lacs from SBI is secured by way of residual charge on movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Maizapur, and is to be further secured by way of residual charge on immovable properties both present and future, pertaining to Company's sugar unit at Maizapur (due within a year ₹114.96 lacs, previous period ₹86.22 Lacs).
3. Interest Free Rupee Term Loan from PNB is secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI (due within a year ₹224.00 lacs, previous period ₹286.00 lacs).
4. 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 unit at Tulsipur, sugar and cogeneration units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon (due within a year ₹1806.14 lacs, previous period ₹1559.57 lacs).

3 SECURED LOANS (Contd...)

5. Interest Free Rupee Term Loan from GOI was secured by way of equitable mortgage on immovable properties and hypothecation of movable properties, both present and future, pertaining to Company's sugar unit at Babhnan, subject to charge on current assets (including book debts) created in favour of SBI to secure the working capital limits and also guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Nil, previous period ₹80.25 lacs).
6. a) ECB from SBI amounting to Nil 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 Akbarpur (due within a year Nil, previous period ₹3464.61 lacs).

   b) ECB from SBI amounting to ₹13786.50 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year ₹5514.60 lacs, previous period Nil).
7. ECB from CCRB and UCO are 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 (due within a year ₹ 8928.16 lacs, previous period Nil).
8. ECB from BNP 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 (due within a year Nil, previous period ₹2327.50 lacs).
9. ECB from ABN is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Mankapur (due within a year ₹2400.63 lacs, previous period ₹3254.89 lacs).
10. ECB from CITI is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year ₹1473.30 lacs, previous period ₹1473.30 lacs).
11. ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's cogeneration unit at Balrampur (due within a year ₹1748.80 lacs, previous period ₹1311.60 lacs).
12. ECB from DBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur (due within a year ₹6651.00 lacs, previous period Nil).
13. a) ECB from IFC amounting to Nil was 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 Company's distillery and organic manure units at Babhnan and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Nil, previous period ₹699.90 lacs).

    b) ECB from IFC amounting to ₹11355.36 lacs 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 (due within a year ₹2522.32 lacs, previous period ₹3787.17 lacs).
14. Working Capital Loans with SBI is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) on pari passu basis with PNB, hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Babhnan (excluding current assets of cogeneration & distillery units) on pari passu basis with HDFC and hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company (excluding current assets of cogeneration & distillery units) and further secured / to be secured by way of 3rd charge on fixed assets of all the sugar units of the Company.
15. Working Capital Loans with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts , both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) ranking pari passu with SBI.
16. Aggregate amount of Term Loans payable within a year ₹36236.91 lacs, previous period ₹25754.85 lacs.

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
4 UNSECURED LOANS				
Short Term Loan				
From Banks		30000.00		–
		30000.00		**–**

Schedules forming part of the accounts

(₹ in Lacs)

5 FIXED ASSETS

		GROSS BLOCK					DEPRECIATION & AMORTISATION					NET BLOCK	
Sl. No.	Particulars	As at 01.10.2009	Acquired on Merger	Additions/ Adjustments during the period	Deductions/ Adjustments during the period	Total As at 31.03.2011	Up to 30.09.2009	Acquired on Merger	For the period	Deductions/ Adjustments during the period	Total Up to 31.03.2011	As at 31.03.2011	As at 30.09.2009
	<u>Tangible Assets</u>												
1	Land (Freehold)	6646.61	454.46	101.25	6.70	7195.62	–	–	–	–	–	7195.62	6646.61
2	Land (Lease hold)	442.21	–	10.83	–	453.04	23.50	–	5.74	–	29.24	423.80	418.71
3	Building & Office Premises	45931.78	2168.11	1102.23	14.15	49187.97	5856.06	360.04	1589.28	18.27	7787.11	41400.86	40075.72
4	Railway Siding	11.13	–	–	2.45	8.68	7.08	–	0.62	2.32	5.38	3.30	4.05
5	Tube Well & Water Supply	481.21	3.09	2.05	(93.01)	579.36	67.97	0.08	13.76	(3.83)	85.64	493.72	413.24
6	Plant & Machinery	179327.46	7797.69	4315.94	3994.28	187446.81	51883.98	3028.57	14681.23	1520.55	68073.23	119373.58	127443.48
7	Furniture & Other Office Equipments	2775.22	196.22	224.39	81.21	3114.62	1501.59	109.37	324.79	64.94	1870.81	1243.81	1273.63
8	Motor Vehicles	1829.79	38.57	422.48	226.52	2064.32	1097.41	30.84	193.74	112.07	1209.92	854.40	732.38
	<u>Intangible Assets</u>												
9	Computer Software (Acquired)	4.58	–	–	(5.00)	9.58	2.58	–	2.87	0.23	5.22	4.36	2.00
	Total	**237449.99**	**10658.14**	**6179.17**	**4227.30**	**250060.00**	**60440.17**	**3528.90**	**16812.03**	**1714.55**	**79066.55**	**170993.45**	**177009.82**
	Total Previous Year	237418.38	–	1130.70	1099.09	237449.99	49817.27	–	10795.15	172.25	60440.17	177009.82	
10	**Capital Work-in-Progress**	**665.62**	**72.14**	**6169.06**	**6297.88**	**608.94**	**–**	**–**	**–**	**–**	**–**	**608.94**	**665.62**
	Capital Work-in-Progress (Previous Year)	705.49	–	482.94	522.81	665.62	–	–	–	–	–	665.62	
	Grand Total	**238115.61**	**10730.28**	**12348.23**	**10525.18**	**250668.94**	**60440.17**	**3528.90**	**16812.03**	**1714.55**	**79066.55**	**171602.39**	**177675.44**
	Grand Total Previous year	238123.87	–	1613.64	1621.90	238115.61	49817.27	–	10795.15	172.25	60440.17	177675.44	

Notes:

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
1) Depreciation for the period/year includes		
i) Depreciation for earlier years	(2.60)	17.71
ii) Depreciation Capitalised	1.07	0.77

(₹ *in Lacs)*

Particulars	Face Value Per Share/Units	Number of Shares/Units	As at 31st March, 2011	Number of Shares/Units	As at 30th September, 2009
6 INVESTMENTS					
Long Term Investments (At Cost)					
In Equity Shares of Companies :					
Trade Investments :					
Unquoted, Fully Paid Up :					
Subsidiary Companies:					
Balrampur Overseas Pvt. Ltd.	HKD1	2000000	102.42	2000000	102.42
Associate Company :					
VA Friendship Solar Park Pvt. Ltd. (Acquired during the period)	₹10	10200	225.01	–	–
Other Companies :					
Asia Sugar Industries Pvt. Ltd.	₹10	250000	25.00	250000	25.00
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	– ^
Other than Trade :					
Quoted :					
Subsidiary Company :					
Fully Paid Up Equity Shares in Indo Gulf Industries Ltd. (Sold 53 Equity Shares during the period)	₹1 *	5162470	283.27 @	4353365	305.39 @
Partly Paid Up Equity Shares in Indo Gulf Industries Ltd. (Fully paid during the period)	₹1 *	–	–	809158	16.33 @
Unquoted, Fully Paid Up :					
Other Companies :					
Fortuna Services Ltd. (70,239 Equity Shares acquired during the period)	₹1	70287	0.70	48	– ^
In Government Securities :					
(Deposited with Government Authorities)					
Post Office National Saving Certificates		–	7.58	–	6.48
Current Investments :					
(At Lower of Cost and Fair Value)					
Unquoted :					
In Units of Mutual Funds :					
SBI - Magnum Insta Cash Fund - Cash Option (Acquired during the period)	₹10	57418202	12500.00	–	–
Birla Sun Life Savings Fund Institutional - Growth (Sold during the period)	₹10	–	–	2350620.70	400.04
SBI-SHF - Ultra Short Term Fund - Institutional Plan - Growth (Sold during the period)	₹10	–	–	100768491.08	11801.45
			13144.02		**12657.15**
Less: Provision for Diminution in value of Investments			283.27		–
			12860.75		**12657.15**
Aggregate Book Value of Quoted Investments @			283.27		321.72
Aggregate Book Value of Unquoted Investments			12860.75		12335.43

@ Market Value not available.

* Previous year ₹10/- per share.

^ Shown as Nil due to rounding off.

Note: Refer Note No. 12 of Schedule - 23 for Current Investments acquired and redeemed/ switched over during the period.

Schedules forming part of the accounts

(₹ *in Lacs)*

Particulars	As at 31st March, 2011		As at 30th September, 2009	
7 INVENTORIES (At lower of cost and net realisable value)				
Stores & Spare Parts		4368.13		4185.94
Loose Tools		330.87		348.37
Scrap		69.93		33.88
Raw Materials		1241.91		8570.32
Molasses		5016.65		696.40
Bagasse		1505.48		210.55
Pressmud		17.61		1.21
Finished Goods				
Sugar	133941.24		19222.45	
Industrial Alcohol	2007.37		733.11	
Organic Manure	27.71		50.15	
Banked Power	71.91	136048.23	120.94	20126.65
Work- in- Progress				
Sugar	430.99		132.89	
Molasses	42.41		4.72	
Organic Manure	43.45	516.85	5.60	143.21
Standing Crop		14.92		26.48
		149130.58		**34343.01**
Notes : Stock in transit included in				
i) Stock of Stores & Spare Parts (₹ in Lacs)		122.52		36.00
ii) Stock of Raw Materials (₹ in Lacs)		–		513.89

(₹ *in Lacs)*

Particulars	As at 31st March, 2011		As at 30th September, 2009	
8 SUNDRY DEBTORS (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	185.81		405.39	
Considered Doubtful	98.71	284.52	83.30	488.69
Other Debts - Considered Good		8788.57		1304.62
		9073.09		1793.31
Less : Provision for Doubtful Debts		98.71		83.30
		8974.38		**1710.01**
Note: Sundry Debtors include debts under litigation (₹ in Lacs)		98.71		45.59

(₹ *in Lacs)*

Particulars	As at 31st March, 2011		As at 30th September, 2009	
9 CASH AND BANK BALANCES				
Cash and Cheques on hand (As certified)				
Cash on hand	121.10		127.90	
Cheques on hand	69.44	190.54	637.00	764.90
Bank Balances				
With Scheduled Banks				
On Current Accounts	2265.27		2212.13	
On Fixed Deposit Accounts (Refer Note No. 11 of Schedule - 23)	311.56		130.14	
On Unclaimed Dividend Accounts	136.16	2712.99	96.99	2439.26
With Non-Scheduled Banks				
On Current Accounts (Refer Note No. 13 of Schedule - 23)		318.30		92.77
With Post Office *				
On Saving Bank Account		0.46		0.46
		3222.29		**3297.39**
* Maximum amount outstanding at any time during the period (₹ in Lacs)		0.46		0.46

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
10 OTHER CURRENT ASSETS				
Interest Accrued on Investments & Fixed Deposits		26.69		15.49
		26.69		**15.49**

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
11 LOAN AND ADVANCES (Considered good except stated otherwise)				
Loans				
To a Subsidiary Company (Unsecured, Previous year Secured)		356.43		7500.00
To Others (Unsecured)		10100.00		2750.00
Advances (Unsecured)				
Advances recoverable in cash or in kind or for value to be received or pending adjustment				
Considered Good	16316.90		10045.66	
Considered Doubtful	232.33	16549.23	232.99	10278.65
Advance against Capital Assets		36.10		95.57
Advance Payment of Tax/Income Tax Refundable	11826.87		9802.05	
Less: Provision for Tax	11826.87	–	9802.05	–
MAT Credit Entitlement (Refer Note No. 14 of Schedule - 23)		5642.00		5904.18
Balances with Excise Authorities etc.		2675.52		4766.26
Security Deposits		210.98		61.34
		35570.26		**31356.00**
Less: Provision for Doubtful Advances		232.33		232.99
		35337.93		**31123.01**
Notes:				
i) Maximum amount of loan outstanding at any time during the period to Indo Gulf Industries Ltd., a Subsidiary Company (₹ in Lacs)		7500.00		9950.00
ii) Loans & Advances include Advances under litigation (₹ in Lacs)		19.93		21.78

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
12 CURRENT LIABILITIES				
Sundry Creditors				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 15 of Schedule - 23)	74.93		37.32	
Total outstanding dues of Creditors other than Micro and Small Enterprises	20843.67	20918.60	11943.98	11981.30
Amount due to a Subsidiary Company		74.64		–
Advance from Customers		250.04		1046.64
Investor Education & Protection Fund				
Unclaimed Dividend *		136.16		96.99
Excess Price of Levy Sugar (Refer Note No. 16 of Schedule - 23)		34.96		43.15
Other Liabilities		1113.74		354.46
Interest accrued but not due on loans		1555.98		2026.00
		24084.12		**15548.54**
Note: Maximum amount due to a Subsidiary Company at any time during the period (₹ in Lacs)		74.64		–

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
13 PROVISIONS				
Provision for Tax	14276.97		10684.35	
Less: Advance Payment of Tax / Income Tax Refundable	11826.87	2450.10	9802.05	882.30
Proposed Dividend		1852.05		7702.65
Provision for Tax on Proposed Dividend		300.45		1309.07
Provision for Retirement Benefits of Employees		372.09		308.93
Provision for Contingencies		6.89		7.34
(Refer Note No. 17 (a) of Schedule - 23)				
		4981.58		**10210.29**

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Share Issue Expenses	53.27		178.10	
Less : Written off during the period/ year	53.27	–	124.83	53.27
		–		**53.27**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
15 OTHER INCOME				
Dividend on Current Investments (Other than Trade)		–		18.76
Profit from cancellation of Raw Sugar Contract		418.05		–
Insurance Claims		301.30		243.74
Unspent Liabilities /Balances Written Back		291.93		148.94
Profit on Sale of Investments *		381.40		99.67
Profit on Sale of Fixed Assets		18.84		35.09
Rent (Gross)		56.15		33.96
Miscellaneous Income (Gross)		135.76		42.36
Exchange Rate Fluctuation		294.96		–
Provision for Doubtful Debts/Advances Written Back		83.96		–
Provision for Contingencies Written Back		0.45		–
		1982.80		**622.52**
Notes: Tax Deducted at Source				
i) on Rent (₹ in Lacs)		1.08		1.18
ii) on Miscellaneous Income (₹ in Lacs)		0.38		0.03
		1.46		**1.21**
*** Includes**				
Profit on Sale of Long Term Investments (Trade)		–		41.78
Profit on Sale of Current Investments (Other than Trade)		381.40		57.89
		381.40		**99.67**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
16 (INCREASE) / DECREASE IN STOCK				
Opening Stock				
Finished Goods	20126.65		48103.15	
Molasses	696.40		961.69	
Bagasse	210.55		342.21	
Pressmud	1.21		4.28	
Work -in-Progress	143.21	21178.02	84.13	49495.46
Add: Acquired on Merger (Refer Note No. 32 (b) of Schedule - 23)		505.57		–
Less: Closing Stock				
Finished Goods	136048.23		20126.65	
Molasses	5016.65		696.40	
Bagasse	1505.48		210.55	
Pressmud	17.61		1.21	
Work -in-Progress	516.85	143104.82	143.21	21178.02
		(121421.23)		**28317.44**
(Add)/ Less: Excise Duty & Cess on Stock (Refer Note No. 20 of Schedule - 23)		(4722.08)		1989.56
		(116699.15)		**26327.88**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
17 FARM ACCOUNT				
Sales		126.05		10.81
Rent (Gross)		–		0.10
Closing Stock of Standing Crop		14.92		26.48
Net (Profit)/ Loss transferred to Profit & Loss Account		(17.22)		6.90
		123.75		**44.29**
Opening Stock of Standing Crop		26.48		3.76
Stock of Standing Crop Acquired on Merger (Refer Note No. 32 (b) of Schedule - 23)		8.77		–
Cane Seeds Purchase		13.95		6.05
Fertilisers & Manures		12.69		4.36
Salaries & Wages		17.22		3.60
Power & Fuel		6.24		2.88
Rent		9.62		3.14
Irrigation & Cultivation Expenses		19.49		12.38
Repairs - Others		7.18		6.97
Miscellaneous Expenses		2.11		1.15
		123.75		**44.29**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
18 SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS				
Salaries, Wages, Bonus etc.		13676.33		7936.31
Contribution to Provident Fund, Gratuity & Other Funds (Including provisions)		1731.68		836.13
Workmen & Staff Welfare Expenses		449.98		246.32
		15857.99		**9018.76**

Schedules forming part of the accounts

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
19 OTHER MANUFACTURING & ADMINISTRATIVE EXPENSES				
Consumption of Stores & Spare Parts		8702.04		3114.28
Power & Fuel		560.11		374.90
Filling & Packing Expenses		330.92		111.76
Rent		140.60		39.47
Rates & Taxes		235.72		134.24
Repairs				
Plant & Machinery	4381.10		3148.48	
Buildings	382.64		326.87	
Others	396.14	5159.88	242.28	3717.63
Insurance		468.08		408.54
Payment to Auditors (Refer Note No. 21 of Schedule - 23)		54.92		27.55
Miscellaneous Expenses		4711.21		2803.18
Charity & Donation		179.47		96.28
Directors' Fees		6.30		5.90
Managerial Remuneration (Refer Note No. 22 of Schedule - 23)		939.94		531.60
Loss on Sale/Discard of Fixed Assets		1823.35		683.30
Exchange Rate Fluctuation		–		177.76
Provision for Doubtful Debts / Advances		98.71		6.00
Provision for Diminution in value of Investments		283.27		–
Bad Debts Written Off		404.19		–
Sundry Debit Balances / Advances Written Off		166.44		54.68
Share Issue Expenses Written Off		53.27		124.83
Transfer to Storage Fund for Molasses		78.40		17.94
		24396.82		**12429.84**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
20 SELLING EXPENSES				
Brokerage		1270.70		497.55
Dispatching & Forwarding Expenses		513.64		359.11
Cash Discount		378.76		159.99
Others		290.07		40.14
		2453.17		**1056.79**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
21 INTEREST & OTHER FINANCIAL CHARGES				
On Fixed Loans	10883.48		8436.80	
On Other Loans (Including Financial Charges)	3918.84	14802.32	2391.76	10828.56
Less:				
Interest Income (Gross) *				
On Long Term Investments (Govt. Securities)	0.80		0.29	
On Loan to a Subsidiary	25.58		1002.07	
On Loan to Others	887.24		67.36	
On Income Tax Refund	20.39		14.68	
On Fixed Deposits with Banks	23.59		49.92	
On Others (Deposits etc.)	30.36	987.96	9.65	1143.97
		13814.36		**9684.59**
* Tax deducted at source on interest (₹ in Lacs)		130.79		128.31

22 SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis except certain fixed assets which are carried at revalued amount. GAAP comprises mandatory Companies (Accounting Standard) Rules, 2006 notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

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.

3. Fixed Assets, Intangible Assets and Capital Work-in-Progress

a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988; Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999 and Land, Building and Plant & Machinery of Maizapur unit as at 30th September, 2008. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre-operational expenses including finance charges, wherever applicable.

b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortisation and impairment, if any.

c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital Work-in-Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4. Depreciation and Amortization

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

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

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

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

5. Investments

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

6. Inventories

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

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

c) By-products (Molasses, Bagasse & Press mud), Scrap and Standing Crop are valued at net realisable value.

d) Inter-unit transfer of By-products include the cost of transportation, duties, etc.

7. Share Issue Expenses

These are equally amortised over a period of five years.

8. Revenue Recognition

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

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

c) Dividend income is accounted for in the year it is declared.

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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

9. Expenses

All the expenses are accounted for on accrual basis.

10. Government Grants

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

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

11. Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

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

A Contingent Asset is not recognized in the Accounts.

12. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in previous accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. Foreign Currency Transactions

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

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

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 recognized 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 recognized in the Profit & Loss Account.

e) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit & Loss Account.

14. Borrowing Costs

Borrowing costs that are 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 Profit & Loss Account in the period in which they are incurred.

15. Insurance Claims

Accounted for on settlement of claims.

16. Employee Benefits

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.

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

17. Employee Stock Option Scheme

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

18. Taxes on Income

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

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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 Profit & Loss Account 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.

23 NOTES ON ACCOUNTS

(₹ in Lacs)

	Particulars	As at 31st March, 2011	As at 30th September, 2009
1.	**Capital Commitments**		
	a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	493.92	234.58
	b) Advances paid against above	36.10	95.57
2.	**Contingent Liabilities not provided for in respect of:**		
	a) Calls in arrear of a Subsidiary Company in respect of partly paid up Equity Shares	–	181.90
	b) Differential Cane Price for the Sugar Seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble Calcutta High Court	–	32.93
	c) Differential Cane Price for the Sugar Season 2007-08 pending disposal of the Writ filed by the UP Sugar Mills Association of which the Company is a member, in Hon'ble Supreme Court of India	9461.04	9076.97
	d) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is subjudice	Amount not ascertainable	Amount not ascertainable
	e) Claims against the Company not acknowledged as debts :		
	i) Excise Duty Demand - under appeal	598.60	262.90
	ii) Sales Tax Demand - under appeal	47.28	5.12
	iii) Others - under appeal/litigation	885.06	861.87
	f) Bank Guarantees furnished (Bank Guarantees are provided under Contractual/Legal obligation)	2749.40	2884.66
	g) Corporate Guarantee given on behalf of a Subsidiary	1986.16	3550.00

3. The Company has accounted for Cane Price for the Sugar Season 2006-07 at State Advised Price of ₹125/- per quintal. Subsequently, the Hon'ble Supreme Court vide its interim order dated 27.02.2008 announced the price of ₹118/- per quintal. Accordingly, subsequent payment of Cane dues remaining outstanding on the date of the Order were made by the Company @ ₹118/- per quintal. Pending final decision of the Supreme Court, the impact of differential Cane Price has not been given in the Accounts.

4. 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 various Swap Contracts entered into in connection with hedging in respect of various External Commercial Borrowings availed by the Company.

5. During the period, the Company Invested in Equity Shares of following Associate Company :

Name of the Associate	No. of Shares Acquired	% of Holding
VA Friendship Solar Park Private Limited	10200	42.50%

6. a) 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 assets aggregating to ₹1200.77 lacs was substituted by the revalued amount of ₹1920.52 lacs and the resultant increase was credited to Revaluation Reserve.

b) 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 assets aggregating to ₹1023.85 lacs was substituted by the revalued amount of ₹2944.93 lacs and the resultant increase was credited to Revaluation Reserve in the books of erstwhile Tulsipur Sugar Company Limited.

23 NOTES ON ACCOUNTS (Contd...)

c) Land, Building and Plant & Machinery of Maizapur unit were revalued as at 30th September, 2008 on net replacement value as per the report of S.K. Ahuja & Associates and the cost of the respective assets aggregating to ₹7645.46 lacs was substituted by the revalued amount of ₹10546.40 lacs and the resultant increase was credited to Revaluation Reserve in the books of Indo Gulf Industries Limited.

7. Details of Deferred Tax Liability and Assets are as below: *(₹ in Lacs)*

Particulars	As at 31st March, 2011	As at 30th September, 2009
a) Deferred Tax Liability :		
Depreciation	28340.47	26163.47
Total	**28340.47**	**26163.47**
b) Deferred Tax Assets :		
i) Carried Forward Losses	3414.17	128.11
ii) Expenses allowable for tax purposes when paid	2441.52	5647.58
Total	**5855.69**	**5775.69**

Note :

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.

8. Details of Issued, Subscribed and Paid up Equity Share Capital of the Company:

i) 15,55,39,650 Equity Shares have been issued and allotted as fully paid up Bonus Shares by utilisation of Securities Premium, Capital Redemption Reserve and capitalisation of General Reserve.

ii) 2,37,55,600 Equity Shares have been issued to the members of erstwhile Babhnan Sugar Mills Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.

iii) 21,15,400 Equity Shares have been issued to the members of erstwhile Tulsipur Sugar Company Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.

iv) 44,048 Equity Shares have been issued to the members of Indo Gulf Industries Limited pursuant to the Rehabilitation Scheme containing the Scheme of Arrangement between the Company and Indo Gulf Industries Limited sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 24.06.2010 as fully paid up without payment received in cash.

v) Out of 2,27,66,780 Equity Shares of ₹1/- each offered to the shareholders on right basis, issue of 17,270 (Previous year 17,270) Equity Shares has been kept in abeyance as per the direction of court.

vi) 1,63,52,000 fully paid up Equity Shares of ₹1/- each were allotted against Global Depository Receipts (GDRs) which have since been converted.

vii) 42,25,350 fully paid Equity Shares have been allotted under Employees Stock Option Scheme.

viii) 34,49,147 Equity Shares were bought back and extinguished during the period.

ix) The Company has reserved issuance of 3,33,650 (Previous year 33,51,600) Equity Shares of ₹1/- each for offering to eligible employees of the company under Employee Stock Option Scheme.

9. Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Company made a Public Announcement on February 22, 2011, to buy-back the Equity Shares of face value of ₹1/- each of the Company from open market through stock exchange route at a price not exceeding ₹85/-per share, aggregating to ₹11000.00 lacs.

The Company has bought back 46,78,678 Equity Shares as at 31st March, 2011 at an average price of ₹69.80 per share, utilizing a sum of ₹3265.96 lacs. The amount paid towards buy-back of shares, in excess of the face value, has been utilised out of General Reserve. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998, as at 31st March, 2011 the Company has extinguished 34,49,147 Equity Shares and the remaining 12,29,531 Equity Shares have been extinguished on 13.04.2011. Consequently, the paid-up Equity Share capital of the Company has been reduced and the Company has created Capital Redemption Reserve of ₹34.49 lacs towards the face value of 34,49,147 Equity Shares of ₹1/- each by utilising General Reserve. The balance amount paid on buy-back of Equity Shares which are yet to be extinguished as on 31st March, 2011 has been shown by way of deduction from the Shareholders' Fund.

10. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years. During the previous year, Options covered by 1st, 2nd, 3rd and 4th Series which remained outstanding were re-priced. The revised Exercise Price of ₹45/- was

23 NOTES ON ACCOUNTS (Contd...)

approved by the Shareholders of the Company in the Extra-Ordinary General Meeting held on 25th May, 2009.

The details of Options granted, lapsed and exercised as on 31st March, 2011 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	11/27/07	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 Revised Exercise Price (₹)	36.10	42.65	45.75	–	N.A.	
Number of Options outstanding on the date of Revised Exercise Price	379350	689000	879000	1234000	–	3181350
Number of Options granted upto 30.09.2009	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 30.09.2009	360300	454600	485500	–	–	1300400
Number of Options lapsed upto 30.09.2009	162000	207000	138500	68000	18000	593500
Number of Options outstanding on 01.10.2009	100200	221400	371500	1212000	1446500	3351600
Number of Options granted during the period	–	–	–	–	–	–
Number of Options exercised during the period	87200	198900	335500	1157000	1146350	2924950
Number of Options lapsed during the period	–	1500	1000	12000	78500	93000
Number of Options outstanding on 31.03.2011	13000	21000	35000	43000	221650	333650

Note : Refer Director's Report for other disclosures.

11. a) 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 bank fixed deposits of ₹175.05 lacs (Previous year ₹84.55 lacs).

b) Fixed Deposits pledged with Excise authorities etc. ₹60.01 lacs (Previous year ₹45.01 lacs).

c) Fixed Deposits with Scheduled Banks include ₹76.50 lacs (Previous year Nil) deposited with UPPCL towards security deposit.

12. During the period, the following Current Investments in Liquid Schemes of Mutual Funds were acquired and switched/re-deemed :

Particulars of Investments	Acquired during the period		Switched/re-deemed during the period	
	No. of units	Amount (₹ in Lacs)	No. of units	Amount (₹ in Lacs)
Birla Sunlife Cash Manager Institutional	41029537.85	6501.30	41029537.85	6508.89
Birla Sunlife Cash Plus Institutional	85017741.81	12721.45	85017741.81	12724.42
Birla Sunlife Savings Fund Institutional - Growth	14010618.54	2400.43	14010618.54	2414.03
DSP BR Floating Rate Fund Inst. Plan	420451.13	5500.82	420451.13	5512.05
DSP BR Liquidity Fund Inst. Plan	829463.19	11100.00	829463.19	11102.58
DSP BR Money Manager Fund Inst. Plan	150648.67	2000.55	150648.67	2006.81
HDFC Cash Management Fund - Savings Plan	130860370.92	25013.88	130860370.92	25023.34
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale	62535488.90	12501.79	62535488.90	12534.09
ICICI Prudential Flexible Income Plan Premium	2320194.07	3900.46	2320194.07	3924.24
ICICI Prudential Floating Rate Plan D - Growth	2122100.17	3000.84	2122100.17	3014.74
ICICI Prudential Institutional Liquid Plan - Super Institutional	24750406.61	12600.00	24750406.61	12609.17
J M High Liquidity Fund Super IP	2681899.86	400.00	2681899.86	400.08
JM Money Manager Fund Super Plus Plan	2979318.43	400.08	2979318.43	401.32
Peerless Liquid Fund Institutional	12719100.51	1300.00	12719100.51	1300.23
Peerless Ultra Short Term Fund Super Institutional	2903036.81	300.06	2903036.81	301.32
Pramerica Liquid Fund	19678.52	200.00	19678.52	200.16
Pramerica Ultra Short Term Bond Fund	19768.92	200.16	19768.92	200.55
Reliance Liquidity Fund	388487273.70	53902.46	388487273.70	53925.68
Reliance Money Manager Fund - Institutional Option	1792471.28	22510.86	1792471.28	22565.44
Religare Liquid Fund	3835708.92	500.00	3835708.92	500.10
Religare Ultra Short Term Inst Fund	3807266.62	500.10	3807266.62	501.36
SBI Magnum Insta Cash Fund Cash Option	321724745.68	67909.96	321724745.68	67948.40
SBI-SHF - Ultra Short Term Fund - Institutional Plan - Growth	69439496.21	8501.63	69439496.21	8532.72
TATA Floater Fund	17785761.52	2408.23	17785761.52	2409.63
TATA Floating Rate Short Term Institutional Plan	30729783.44	4400.00	30729783.44	4402.28
TATA Treasury Manager SHIP	233308.03	2400.85	233308.03	2408.23
Templeton India Treasury Management Account Super IP	110643.18	1500.00	110643.18	1502.01

23 NOTES ON ACCOUNTS (Contd...)

13. Balance with Non-Scheduled Banks on Current Accounts : *(₹ in Lacs)*

Name of the Bank	Closing Balance		Maximum amount outstanding at anytime during the period	
	As at 31st March, 2011	As at 30th September, 2009	18 Months ended 31st March, 2011	Year ended 30th September, 2009
Aryavart Gramin Bank - Barabanki (Unit: Haidergarh)	–	0.14	0.14	50.98
Aryavart Gramin Bank - Barabanki (Unit: Rauzagaon)	3.18	13.94	257.59	39.03
Aryavart Gramin Bank - Fatehpur	–	0.49	0.49	11.86
Aryavart Gramin Bank - Haidergarh	–	0.17	0.17	0.17
Baroda Eastern Up Gramin Bank - Faizabad	4.11	20.24	5.24	30.95
Baroda Eastern Up Gramin Bank - Fatehpur	–	1.60	1.60	14.95
Baroda Eastern Up Gramin Bank - Raibareli	–	0.20	0.20	22.46
Baroda Sahkari Kshetriya Gramin Bank-Gan	0.40	0.11	4.77	5.46
Baroda Uttar Pradesh Gramin Bank, Kurriya	0.71	3.17	61.14	4.46
District Cooperative Bank - Barabanki (Unit: Haidergarh)	0.83	0.26	35.85	12.44
District Cooperative Bank - Barabanki (Unit: Rauzagaon)	3.90	8.30	14.59	13.09
District Cooperative Bank - Faizabad (Unit: Rauzagaon)	1.02	1.86	1.14	2.02
District Cooperative Bank - Faizabad (Unit: Akbarpur)	0.10	0.08	18.21	26.30
District Cooperative Bank - Fatehpur Unit: Haidergarh)	0.65	0.20	6.59	2.12
District Co-Operative Bank - Odraha	10.42	9.25	10.42	9.59
District Cooperative Bank - Sidhauli	0.05	–	15.10	–
District Cooperative Bank - Sultanpur	0.36	0.40	9.59	113.44
District Co-Operative Bank - Gola	50.26	0.43	170.68	0.50
District Co-Operative Bank - Khutar	–	0.10	0.43	0.14
District Co-Operative Bank - Nakha	15.15	0.23	15.15	0.41
District Co-Operative Bank - Neemgaon	0.44	0.10	0.44	0.22
District Co-Operative Bank - Sikardabad	0.23	0.08	0.71	0.08
District Co-Operative Bank - Amirnagar	0.38	0.59	1.26	0.73
District Co-Operative Bank - Fatehpur (Unit: Kumbhi)	0.44	0.38	0.59	0.53
District Co-Operative Bank - Mohammdipur	0.19	0.14	27.64	15.91
District Co-Operative Bank - Phardhan	0.04	–	0.86	0.25
District Co-Operative Bank - Pipariadhani	0.26	0.15	0.63	1.19
Kashi Gomti Sanyukt Gramin Bank - Azamgarh	4.04	–	70.52	3.40
Kshetriya Gramin Bank - Akbarpur	0.21	0.04	13.25	80.29
Kshetriya Gramin Bank - Dostpur	0.25	0.39	0.33	0.92
Kshetriya Gramin Bank - Mijhaura	0.30	10.48	88.50	114.99
Kshetriya Gramin Bank - Semri	0.33	0.10	7.39	3.77
Lucknow Khetriya Gramin Bank - Jarwal Kasba	1.17	0.34	1.17	6.96
Purvanchal Gramin Bank - Babhnan	65.28	0.14	475.56	221.06
Purvanchal Gramin Bank - Basti	0.08	0.06	0.08	0.47
Purvanchal Gramin Bank - Faizabad	3.58	7.35	23.74	8.22
Serve U.P Gramin Bank - Babhnan	49.78	0.14	387.82	225.42
Serve U.P Gramin Bank - Mankapur (Unit: Babhnan)	0.11	0.11	0.11	0.43
Serve U.P.Gramin Bank - Mankapur (Unit: Mankapur)	0.24	0.28	50.70	50.81
Serve UP Gramin Bank - Kurasan	0.36	–	1.05	–
Serve UP Gramin Bank, Tulsipur	95.73	0.29	756.61	191.04
Urban Co-Operative Bank - Tulspur	0.15	0.10	12.52	8.63
Urban Co-Operative Bank - Mohammdi	0.21	0.18	32.10	12.68
Zila Sahkari Bank Ltd. - Babhnan	0.10	0.22	112.34	56.55
Zila Sahkari Bank Ltd. - Lucknow	2.68	8.61	10.95	9.29
Zila Sahkari Bank Ltd. - Parsurampur	0.58	0.90	0.60	0.94
Zila Sahkari Bank Ltd. - Sultanpur	–	0.43	0.44	22.48
Total	**318.30**	**92.77**		

Note : None of the Directors or their relatives have any interest in any of the Non-Scheduled Banks.

14. Based on the review made as at the Balance Sheet date, MAT Credit Entitlement to the extent of ₹4016.18 lacs recognised in earlier years has been written down during the current period in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India.

23 NOTES ON ACCOUNTS (Contd...)

However, based on future profitability projections, the Management is confident that there will be sufficient taxable profit during the specified periods which will enable the company to utilise the balance MAT Credit Entitlement of ₹5642.00 lacs including ₹3754.00 lacs recognised during the current period.

15. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as under:

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2011	As at 30th September, 2009
i)	The principal amount remaining overdue for payment to suppliers as at the end of accounting period *	2.40	3.43
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting period	0.34	0.55
iii)	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 period	0.04	–
iv)	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 period) but without adding the interest specified under this Act	0.28	0.19
v)	The amount of interest accrued during the period and remaining unpaid at the end of the accounting period*	0.61	0.74
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Schedule-12.

16. Excess amount of Levy Sugar Price received to date for various Sugar Seasons as per Orders of the Hon'ble High Court ₹34.96 lacs (Previous year ₹43.15 lacs) has not been credited to the Profit & Loss Account as the matter is subjudice.

17. Disclosures in terms of Accounting Standard -29 on Provisions, Contingent Liabilities and Contingent Assets:

a) Movement for Provision for Liabilities:

(₹ in Lacs)

Particulars	Duties & taxes	Others	Amount
Balance as at 1st October, 2009	6.31	1.03	7.34
Provided during the period	–	–	–
Amount used during the period	–	–	–
Reversed during the period	–	0.45	0.45
Balance as at 31st March, 2011	6.31	0.58	6.89
Timing of outflow/uncertainties		Outflow on settlement/crystallization	

b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 2 & 17 (a) respectively are dependent upon Court decision / out of Court settlement/disposal of appeals etc.

c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl.No. 2 & 17 (a) above and in view of this, no asset has been recognised in this respect.

18. Details of Adjustment relating to earlier years :

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
i) Cost of Raw Materials Consumed	–	0.24
ii) Salaries, Wages, Bonus etc.	2.50	–
iii) Workmen & Staff Welfare Expenses	–	0.05
iv) Rent	–	0.40
v) Rates & Taxes	2.12	2.55
vi) Repairs - Plant & Machinery	–	1.52
vii) Repairs - Others	–	0.54
viii) Miscellaneous Expenses	0.38	3.66
Total	**5.00**	**8.96**

Note: For depreciation relating to earlier years, refer note under Schedule 5.

23 NOTES ON ACCOUNTS (Contd...)

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

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
a) Amount used as the numerator (₹ in Lacs)		
Profit after Tax - (A)	**16440.75**	**22650.59**
b) Weighted average number of Equity Shares Outstanding used as the denominator for computing Basic Earnings per Share - (B)	258756052	255623126
Add : Weighted average number of Equity Shares on account of Employees Stock Option Scheme	134180	566096
c) Weighted average number of Equity Shares Outstanding used as the denominator for computing Diluted Earnings per Share - (C)	**258890232**	**256189222**
d) Nominal value of Equity Shares (₹)	**1.00**	**1.00**
e) Basic Earnings per Share (₹) (A/B)	**6.35**	**8.86**
f) Diluted Earnings per Share (₹) (A/C)	**6.35**	**8.84**

20. Excise Duty & Cess on Stock :

The amount of Excise Duty & Cess on Stock shown in Schedule - 16 represents differential Excise Duty & Cess on Opening & Closing Stock of finished goods/by products.

21. Payment to Auditors:

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
a) For Statutory Audit	17.50	15.00
b) For Limited Review & other Audits	21.75	10.00
c) For Management Services	11.90	–
d) For Certification Work	1.60	1.24
e) Reimbursement of Expenses	2.17	1.31
Total	**54.92**	**27.55**

The above amount excludes Service Tax and Education Cess thereon.

22. a) Details of Remuneration paid/payable to Directors :

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
i) Salary	401.43	238.60
ii) Commission To Executive/Wholetime Directors	384.00	210.00
iii) Commission To Non-Executive Directors	25.00	20.00
iv) Contribution to Provident Fund, Gratuity and other Funds	117.10	58.15
v) Perquisites (Including monetary value of perquisites ₹16.26 lacs, previous year ₹5.39 lacs)	28.67	10.24
Total	**956.20**	**536.99**

23 NOTES ON ACCOUNTS (Contd...)

b) Computation of Net Profit for the purpose of calculating Directors Remuneration : *(₹ in Lacs)*

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
Profit before Tax as per Profit & Loss Account		**22600.13**		**24960.75**
Add:				
i) Directors' Fees	6.30		5.90	
ii) Directors' Remuneration	939.94		531.60	
iii) Storage Fund for Molasses	78.40		17.94	
iv) Loss on Sale/Discard of Fixed Assets	1823.35		683.30	
v) Provision for Doubtful Debts / Advances	98.71		6.00	
vi) Provision for Diminution in value of Investments	283.27		–	
vii) Depreciation as per Books of Account	16810.96	20040.93	10794.38	12039.12
		42641.06		**36999.87**
Less :				
i) Depreciation as per Section 350 of the Companies Act*	16335.37		10448.75	
ii) Profit on Sale of Fixed Assets	18.84		35.09	
iii) Profit on Sale of Investments	381.40		99.67	
iv) Provision for Doubtful Debts / Advances Written Back	83.96		–	
v) Provision for Contingencies Written Back	0.45	16820.02	–	10583.51
Net Profit for the purpose of Directors' Remuneration		**25821.04**		**26416.36**
Eligible amount of Commission payable to Managing Director, Joint Managing Director and Director-cum-CFO @3% of Net Profit (1% to each as per terms of agreement)		774.63		792.49
Restricted as per terms of Agreements		**384.00**		**210.00**
Eligible amount of Commission payable to Non-Executive Directors @ 1% of Net Profit.		258.21		264.16
Restricted, as per Shareholders approval.		25.00		20.00

* The Company depreciates some of the fixed assets based on estimated useful life that are lower than those implicit in Schedule XIV to the Companies Act, 1956. Accordingly, the rate of depreciation used by the Company in respect of these fixed assets are higher than the rate prescribed under Schedule XIV.

Note: Re-appointment of the Managing Director, Joint Managing Director and Director cum CFO and their revised remuneration is subject to approval of the members in the ensuing Annual General Meeting.

23. Details of aggregate amount of loans outstanding which are guaranteed by the Managing Director / Joint Managing Director / Erstwhile Director:

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009
Loans from Banks (Including Non-Fund based limits Nil, previous year ₹2679.66 lacs)	–	14956.50
Loans from Others	–	15933.76
	–	**30890.26**

Note : i) During the period under review, the lenders have waived the requirement of providing personal guarantees.
ii) No Guarantee Commission has been paid to the guarantors.

24. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to ₹8288.68 lacs (Previous year ₹3722.93 lacs) allowable under the above policy have been accounted for during the period under review.

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

25. Intangible Assets

The unamortised amount of Computer Software (Acquired) ₹4.23 lacs and ₹0.13 lacs are to be amortised equally in the next 1 year & nine months and 2 years & one month respectively.

26. Employee Benefits :

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

23 NOTES ON ACCOUNTS (Contd...)

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 Profit & Loss Account are as under : *(₹ in Lacs)*

Defined Contribution Plan	18 Months ended 31st March, 2011	Year ended 30th September, 2009
Employers' Contribution to Provident Fund	535.13	242.72
Employers' Contribution to Labour Welfare Fund	0.01	0.01

Defined Benefit Plan:

Long-term employee benefits in the forms 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 ₹23.93 lacs (Previous year ₹6.54 lacs) at the period end is recognised as expense for the period.

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

a) Details of funded post retirement plans are as follows : *(₹ in Lacs)*

	31st March, 2011		30th September, 2009	
Particulars	**Gratuity**	**Provident Fund**	**Gratuity**	**Provident Fund**
I. Components of Employer Expense:				
1 Current Service Cost	270.61	182.72	153.82	115.39
2 Past Service Cost	–	–	–	–
3 Interest Cost	188.96	161.02	108.38	151.58
4 Expected return on Plan Assets	192.22	159.91	112.44	151.38
5 Actuarial (Gain) /Loss recognised in the period	195.17	38.46	66.91	(18.27)
6 Expense recognised in Profit & Loss Account	462.52	222.29	216.67	97.32
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the period	1691.56	1887.79	1504.48	1805.60
2 Acquisition Adjustment	28.61	–	–	–
3 Interest Cost	188.96	161.02	108.38	151.58
4 Past Service Cost	–	–	–	–
5 Current Service Cost	270.61	182.72	153.82	115.39
6 Employees Contribution	–	203.35	–	130.44
7 Benefits Paid	233.75	385.63	118.87	290.49
8 Actuarial (Gain) / Loss	256.79	149.77	43.75	(24.73)
9 Present value of Defined Benefit Obligation at the end of the period	2202.78	2199.02	1691.56	1887.79
III. Change in Fair Value of Plan Assets during the period:				
1 Plan Assets at the beginning of the period	1601.90	1881.25	1405.54	1780.99
2 Expected return on Plan Assets	192.22	159.91	112.44	151.38
3 Actual Company Contribution	580.80	386.07	225.95	245.83
4 Benefits paid	233.75	385.63	118.87	290.49
5 Actuarial Gain / (Loss)	61.61	111.32	(23.16)	(6.46)
6 Plan Assets at the end of the period	2202.78	2152.92	1601.90	1881.25

23 NOTES ON ACCOUNTS (Contd...)

(₹ in Lacs)

Particulars	31st March, 2011 Gratuity	31st March, 2011 Provident Fund	30th September, 2009 Gratuity	30th September, 2009 Provident Fund
IV. Net Asset/(Liability) recognised in the Balance Sheet as at period end :				
1 Present value of Defined Benefit Obligation	2202.78	2199.02	1691.56	1887.79
2 Fair value of Plan Assets	2202.78	2152.92	1601.90	1881.25
3 Funded Status [Surplus/(Deficit)]	–	(46.10)	(89.66)	(6.54)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(46.10)	(89.66)	(6.54)
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	8.00	9.50	7.50	8.50
2 Expected return on Plan Assets (per annum) %	8.00	8.50	8.00	8.50
3 Expected Rate of Salary increase %	5.00	5.00	5.00	5.00
4 Retirement/Superannuation Age (Year)	60.00	60.00	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at period end :				
1 Administered by Insurance Companies	68%	–	54%	–
2 Public Financial Institutions / Public Sector Companies	13%	51%	21%	52%
3 Central / State Government Securities	18%	49%	23%	48%
4 Bank Deposits	–	–	1%	–
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	275.00	194.13	248.50	122.31

VIII. Basis used to determine the expected Rate of return on Plan Assets :

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

IX. The history of experience adjustments for funded post retirement plans are as follows :

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009	As at 30th September, 2008
Gratuity			
Present value of defined benefit obligation	2202.78	1691.56	1504.48
Fair value of plan assets	2202.78	1601.90	1405.54
(Deficit)/Surplus	–	(89.66)	(98.94)
Experience adjustments of plan assets Gain/(Loss)	(21.92)	(23.16)	(10.26)
Experience adjustments of Obligation (Gain)/Loss	183.64	43.75	(37.12)
Provident Fund			
Present value of defined benefit obligation	2199.02	1887.79	1805.60
Fair value of plan assets	2152.92	1881.25	1780.99
(Deficit)/Surplus	(46.10)	(6.54)	(24.61)
Experience adjustments of plan assets Gain/(Loss)	111.32	(6.46)	(72.66)
Experience adjustments of Obligation (Gain)/Loss	149.77	(24.73)	(55.72)

b) Details of unfunded post retirement Defined Obligations are as follows:

(₹ in Lacs)

Particulars	Leave Encashment (Unfunded) 31st March, 2011	Leave Encashment (Unfunded) 30th September, 2009
I. Components of Employer Expense :		
1 Current Service Cost	58.13	11.47
2 Past Service Cost	–	–
3 Interest Cost	17.90	10.63
4 Expected return on Plan Assets	–	–
5 Actuarial (Gain) /Loss recognised in the period	2.45	24.55
6 Expense recognised in Profit & Loss Account	78.48	46.65

23 NOTES ON ACCOUNTS (Contd...)

(₹ in Lacs)

Particulars	Leave Encashment (Unfunded)	
	31st March, 2011	30th September, 2009
II. Change in Present Value of Defined Benefit Obligation :		
1 Present value of Defined Benefit Obligation at the beginning of the period	173.26	156.86
2 Interest Cost	17.90	10.63
3 Past Service Cost	–	–
4 Current Service Cost	58.13	11.47
5 Benefits Paid	48.33	30.25
6 Actuarial (Gain) / Loss	2.45	24.55
7 Present value of Defined Benefit Obligation at the end of the period	203.42	173.26
III. Net Asset / (Liability) recognised in the Balance Sheet as at period end:		
1 Present value of Defined Benefit Obligation	203.42	173.26
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(203.42)	(173.26)
4 Net Asset / (Liability) recognised in Balance Sheet	(203.42)	(173.26)
IV. Actuarial Assumptions :		
1 Discount Rate (per annum) %	8.00	7.50
2 Expected return on Plan Assets (per annum) %	–	–
3 Expected Rate of Salary increase %	5.00	5.00
4 Retirement/Superannuation Age (Year)	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996
V. Expected Employer's Contribution for the next year :		
Expected Employer's Contribution for the next year	37.00	190.60

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 Fund, Gratuity and Other Funds" and Leave Encashment under "Salaries, Wages, Bonus etc." under Schedule - 18.

iii) The amount of the Present value of Obligations, fair value of Plan Assets, Surplus/Deficit in the plan and experience adjustment arising on Plan Liabilities and Plan Assets for the previous two annual periods are not available and therefore, not disclosed.

27. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company has identified four primary business segments viz. Sugar, Distillery, Co-generation and Others. 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".

23 NOTES ON ACCOUNTS (Contd...)

c) Information about Primary Business Segments:

(₹ in Lacs)

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Gross Sales	**277224.90**	**16601.88**	**43260.06**	**379.82**	**–**	**337466.66**
	(157834.13)	(13541.67)	(18255.21)	(254.69)	(–)	(189885.70)
Less : Inter Segment Sales	**17263.47**	**7.87**	**13867.13**	**6.38**	**–**	**31144.85**
	(7002.18)	(4.06)	(5777.49)	(0.19)	(–)	(12783.92)
External Sales	**259961.43**	**16594.01**	**29392.93**	**373.44**	**–**	**306321.81**
	(150831.95)	(13537.61)	(12477.72)	(254.50)	(–)	(177101.78)
Less : Excise Duty & Cess on	**8458.22**	**624.62**	**–**	**–**	**–**	**9082.84**
on External Sales	(6642.52)	(454.83)	(–)	(–)	(–)	(7097.35)
Net Sales	**251503.21**	**15969.39**	**29392.93**	**373.44**	**–**	**297238.97**
	(144189.43)	(13082.78)	(12477.72)	(254.50)	(–)	(170004.43)
Add : Allocable Other Income	**616.97**	**34.94**	**236.28**	**4.96**	**–**	**893.15**
	(374.33)	(33.77)	(82.48)	(1.75)	(–)	(492.33)
Total Revenue	**252120.18**	**16004.33**	**29629.21**	**378.40**	**–**	**298132.12**
	(144563.76)	(13116.55)	(12560.20)	(256.25)	(–)	(170496.76)
Result						
Segment Result	**17435.49**	**4465.96**	**18416.73**	**(56.42)**	**–**	**40261.76**
	(24948.02)	(4992.23)	(8033.54)	(–) (77.39)	(–)	(37896.40)
Less:						
Unallocable Expenditure					**3847.27**	**3847.27**
net of Unallocble Income					(3251.06)	(3251.06)
Interest & Other Financial					**13814.36**	**13814.36**
Charges					(9684.59)	(9684.59)
Profit Before Tax						**22600.13**
						(24960.75)
Tax						
Current Tax						**3804.00**
(Including Wealth Tax)						(3449.00)
Fringe Benefit Tax						**–**
						(28.00)
Deferred Tax						**2097.00**
						(6128.43)
MAT Credit Write Down/						**262.18**
(Entitlement)						(–) (5904.18)
Income Tax Provision for earlier						**(3.80)**
years written back						(–) (1391.09)
Profit After Tax						**16440.75**
						(22650.59)
Other Information						
Segment Assets	**271812.27**	**18510.36**	**58653.11**	**1222.52**	**36812.44**	**387010.70**
	(157389.81)	(16044.52)	(55017.38)	(1322.19)	(36876.56)	(266650.46)
Segment Liabilities	**18711.77**	**2697.42**	**230.80**	**29.75**	**35736.43**	**57406.17**
	(10423.22)	(2208.20)	(246.77)	(27.89)	(39016.21)	(51922.29)
Capital Expenditure	**2691.50**	**33.02**	**3001.17**	**–**	**324.66**	**6050.35**
	(732.64)	(10.51)	(241.01)	(19.82)	(86.85)	(1090.83)
Depreciation & Amortisation	**9871.62**	**1237.20**	**5503.48**	**98.41**	**100.25**	**16810.96**
	(6206.49)	(825.50)	(3635.90)	(69.19)	(57.30)	(10794.38)
Non cash expenses other than	**1716.39**	**60.68**	**743.86**	**1.44**	**624.99**	**3147.36**
Depreciation & Amortisation	(730.23)	(6.65)	(1.06)	(–)	(1043.30)	(1781.24)

Notes :

1) Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.
2) Unallocable expenses are net of unallocable income ₹1089.65 lacs (Previous year ₹130.19 lacs).
3) Inter Segment Sales include Excise Duty & Cess ₹976.32 lacs (Previous year ₹586.72 lacs).
4) Figures in brackets pertain to previous year.

23 NOTES ON ACCOUNTS (Contd...)

d) **Information about Secondary Geographical Segments :**

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

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

28. Related party disclosures as per Accounting Standard - 18 are given below:

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

i) **Subsidiaries :** (Control exists)	Indo Gulf Industries Ltd. Balrampur Overseas Pvt. Ltd.
ii) **Associates :** (Where the Company exercises significant influence)	VA Friendship Solar Park Private Limited
iii) **Key Managerial Personnel (KMP):**	Mr. Vivek Saraogi - Managing Director Mrs. Meenakshi Saraogi - Joint Managing Director Mr. K.N. Ranasaria - Whole-time Director (upto 11.05.2009) Mr. Kishor Shah - Director-cum-Chief Financial Officer Dr. Arvind Krishna Saxena - Whole-time Director (from 01.08.2008)
iv) **Relatives of Key Managerial Personnel :**	
Mr. Vivek Saraogi	1. Mr. K.N.Saraogi (Father) - Chairman Emeritus 2. Mrs. Meenakshi Saraogi (Mother) 3. Mrs. Sumedha Saraogi (Wife) 4. Mr. Karan Saraogi (Son) 5. Miss Avantika Saraogi (Daughter) 6. Mrs. Stuti Dhanuka (Sister)
Mrs. Meenakshi Saraogi	1. Mr. K.N. Saraogi (Husband) 2. Mr. Vivek Saraogi (Son) 3. Mrs. Stuti Dhanuka (Daughter) 4. Mrs. Sumedha Saraogi (Daughter-in-Law) 5. Mr. Karan Saraogi (Grand-Son) 6. Miss Avantika Saraogi (Grand-Daughter)
v) **Enterprises in which KMP and their relatives have substantial interest :**	1. Meenakshi Mercantiles Ltd. 2. Udaipur Cotton Mills Co. Ltd. 3. Kamal Nayan Saraogi (HUF) 4. Vivek Saraogi (HUF) 5. Kishor Shah (HUF)

b) **Transactions with Related parties :**

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Purchase of Raw Materials						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(63.00)	(–)	(–)	(–)	(–)	(63.00)
ii) Purchase of Molasses						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(108.51)	(–)	(–)	(–)	(–)	(108.51)

23 NOTES ON ACCOUNTS (Contd...)

(₹ *in Lacs*)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iii) Purchase of Store & Other Materials						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(7.95)	(–)	(–)	(–)	(–)	(7.95)
iv) Sale of Raw Materials						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(6.55)	(–)	(–)	(–)	(–)	(6.55)
v) Sale of Store & Other Materials						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(9.18)	(–)	(–)	(–)	(–)	(9.18)
vi) Reimbursement of Expenses						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(14.83)	(–)	(–)	(–)	(–)	(14.83)
vii) Recovery of Expenses						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(16.09)	(–)	(–)	(–)	(–)	(16.09)
viii) Inter-Corporate Loan Given						
Indo Gulf Industries Ltd.	**129.13**	**–**	**–**	**–**	**–**	**129.13**
	(4182.34)	(–)	(–)	(–)	(–)	(4182.34)
ix) Consideration paid on account of merger						
Indo Gulf Industries Ltd.	**75.00**	**–**	**–**	**–**	**–**	**75.00**
	(–)	(–)	(–)	(–)	(–)	(–)
x) Inter-Corporate Loan Received Back @						
Indo Gulf Industries Ltd.	**7275.00**	**–**	**–**	**–**	**–**	**7275.00**
	(–)	(–)	(–)	(–)	(–)	(–)
xi) Investments made during the period in						
Indo Gulf Industries Ltd.	**7.50**	**–**	**–**	**–**	**–**	**7.50**
	(–)	(–)	(–)	(–)	(–)	(–)
VA Friendship Solar Park Pvt.Ltd.	**–**	**225.01**	**–**	**–**	**–**	**225.01**
	(–)	(–)	(–)	(–)	(–)	(–)
xii) Investments sold during the period to						
Meenakshi Mercantiles Ltd.	–	–	–	–	–	–
	(–)	(–)	(45.81)	(–)	(–)	(45.81)
Udaipur Cotton Mills Co. Ltd.	–	–	–	–	–	–
	(–)	(–)	(15.63)	(–)	(–)	(15.63)
xiii) Interest Income						
Indo Gulf Industries Ltd.	**25.58**	**–**	**–**	**–**	**–**	**25.58**
	(1002.27)	(–)	(–)	(–)	(–)	(1002.27)

23 NOTES ON ACCOUNTS (Contd...)

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
xiv) Receiving of Services						
Mrs. Meenakshi Saraogi	–	–	–	**374.55**	–	**374.55**
	(–)	(–)	(–)	(215.92)	(–)	(215.92)
Mr. Vivek Saraogi	–	–	–	**350.85**	–	**350.85**
	(–)	(–)	(–)	(198.25)	(–)	(198.25)
Mr. K.N.Ranasaria	–	–	–	–	–	–
	(–)	(–)	(–)	(24.93)	(–)	(24.93)
Mr. Kishor Shah	–	–	–	**117.84**	–	**117.84**
	(–)	(–)	(–)	(66.84)	(–)	(66.84)
Dr. Arvind Krishna Saxena	–	–	–	**18.64**	–	**18.64**
	(–)	(–)	(–)	(11.06)	(–)	(11.06)
xv) Dividend Paid to Shareholders						
Mr. K.N.Saraogi	–	–	–	–	**809.35**	**809.35**
	(–)	(–)	(–)	(–)	(134.89)	(134.89)
Mrs. Meenakshi Saraogi	–	–	–	**415.33**	–	**415.33**
	(–)	(–)	(–)	(69.22)	(–)	(69.22)
Mr. Vivek Saraogi	–	–	–	**262.68**	–	**262.68**
	(–)	(–)	(–)	(43.78)	(–)	(43.78)
Mr. K.N.Ranasaria	–	–	–	–	–	–
	(–)	(–)	(–)	(0.96)	(–)	(0.96)
Mr. Kishor Shah	–	–	–	**1.22**	–	**1.22**
	(–)	(–)	(–)	(0.03)	(–)	(0.03)
Dr. Arvind Krishna Saxena	–	–	–	**0.60**	–	**0.60**
	(–)	(–)	(–)	(–)	(–)	(–)
Mrs. Sumedha Saraogi	–	–	–	–	**293.97**	**293.97**
	(–)	(–)	(–)	(–)	(49.00)	(49.00)
Mr. Karan Saraogi	–	–	–	–	**118.40**	**118.40**
	(–)	(–)	(–)	(–)	(19.73)	(19.73)
Miss Avantika Saraogi	–	–	–	–	**112.40**	**112.40**
	(–)	(–)	(–)	(–)	(18.73)	(18.73)
Mrs. Stuti Dhanuka	–	–	–	–	**150.36**	**150.36**
	(–)	(–)	(–)	(–)	(25.06)	(25.06)
Meenakshi Mercantiles Ltd.	–	–	**224.28**	–	–	**224.28**
	(–)	(–)	(32.80)	(–)	(–)	(32.80)
Udaipur Cotton Mills Co. Ltd.	–	–	**196.79**	–	–	**196.79**
	(–)	(–)	(37.38)	(–)	(–)	(37.38)
Kamal Nayan Saraogi (HUF)	–	–	**235.87**	–	–	**235.87**
	(–)	(–)	(39.31)	(–)	(–)	(39.31)
Vivek Saraogi (HUF)	–	–	**5.10**	–	–	**5.10**
	(–)	(–)	(0.85)	(–)	(–)	(0.85)
Kishor Shah (HUF)	–	–	**0.15**	–	–	**0.15**
	(–)	(–)	(–)	(–)	(–)	(–)

23 NOTES ON ACCOUNTS (Contd...)

(₹ *in Lacs*)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
xvi) Employees Stock Options #						
Mr. Kishor Shah	**–**	**–**	**–**	**18.00**	**–**	**18.00**
	(–)	(–)	(–)	(–)	(–)	(–)
Dr. Arvind Krishna Saxena	**–**	**–**	**–**	**13.50**	**–**	**13.50**
	(–)	(–)	(–)	(–)	(–)	(–)
xvii) Corporate Guarantee provided on behalf of a Subsidiary						
Balrampur Overseas Pvt. Ltd.	**1986.16**	**–**	**–**	**–**	**–**	**1986.16**
	(–)	(–)	(–)	(–)	(–)	(–)
xviii) Corporate Guarantee withdrawn provided on behalf of a Subsidiary						
Indo Gulf Industries Ltd.	**3550.00**	**–**	**–**	**–**	**–**	**3550.00**
	(–)	(–)	(–)	(–)	(–)	(–)
xix) Balance Outstanding						
a) Accounts payable						
Mrs. Meenakshi Saraogi	**–**	**–**	**–**	**165.00**	**–**	**165.00**
	(–)	(–)	(–)	(90.00)	(–)	(90.00)
Mr. Vivek Saraogi	**–**	**–**	**–**	**165.00**	**–**	**165.00**
	(–)	(–)	(–)	(90.00)	(–)	(90.00)
Mr.Kishor Shah	**–**	**–**	**–**	**54.00**	**–**	**54.00**
	(–)	(–)	(–)	(30.00)	(–)	(30.00)
Indo Gulf Industries Ltd.	**74.64**	**–**	**–**	**–**	**–**	**74.64**
	(–)	(–)	(–)	(–)	(–)	(–)
b) Inter Corporate Loan receivable						
Indo Gulf Industries Ltd. @	**356.43**	**–**	**–**	**–**	**–**	**356.43**
	(7500.00)	(–)	(–)	(–)	(–)	(7500.00)
c) Amount outstanding against Guarantees provided by						
Mr. K.N.Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(15933.76)	(15933.76)
Mrs. Meenakshi Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(15933.76)	(–)	(15933.76)
Mr. Vivek Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(30890.26)	(–)	(30890.26)
d) Amount outstanding against Corporate Guarantee provided for loans obtained by						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(1545.46)	(–)	(–)	(–)	(–)	(1545.46)
Balrampur Overseas Pvt. Ltd.	**1986.16**					**1986.16**
	(–)	(–)	(–)	(–)	(–)	(–)

\# Excluding monetary value of perquisites

@ Maximum amount outstanding during the period ₹7500.00 lacs (Previous year ₹9950.00 lacs). During the period under review, an amount of ₹7275.00 lacs lying as loan to Subsidiary as on the appointment date was adjusted towards the value of consideration in connection with the merger of sugar unit of Indo Gulf Industries Ltd. (IGIL) with the Company. The Company also paid ₹7.50 lacs to make the partly paid shares as fully paid shares in terms of the Scheme sanctioned by BIFR.

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 except reduction in face value of Equity Shares of IGIL from ₹10/- to ₹1/- as mentioned in Schedule - 6 of Investments.

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

f) The value of company's holding of ₹45.95 lacs in its subsidiary company IGIL was adjusted with the consideration amount on merger of sugar unit of IGIL with the Company as mentioned in Note No.32 (c).

g) Figures in brackets pertain to previous year.

29. Disclosure under clause 32 of the Listing Agreement :

There are no transactions (other than loan transactions with subsidiaries as given in para 28 (b) (xix) (b) above) which are required to be disclosed under Clause 32 of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed.

30. Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of Part – II of Schedule VI to the Companies Act, 1956:

A. Quantitative Information :

i) Licensed Capacity		
Sugar	Not applicable	Not applicable
Distillery	320 KLPD	320 KLPD
Organic Manure	Not applicable	Not applicable
Co-Generation	Not applicable	Not applicable
ii) Installed Capacity (As certified by the Management)		
Sugar	76500 TCD	73500 TCD
Distillery	320 KLPD	320 KLPD
Organic Manure	58000 M.T.	58000 M.T.
Co-Generation	179.85 M.W.	179.85 M.W.

iii) Particulars of Goods Manufactured

Class of Goods	Unit	Production Quantity		Sales Quantity	Sales Amount (₹ in Lacs)
Finished Goods					
a) Sugar	Qtls.	@ **12407661**	^	**8307280**	**246530.87**
		(4414989)		(6647059)	(148741.81)
b) Molasses	Qtls.	**5860191**	#	**4237590**	**3023.64**
		(2373926)		(2578937)	(1909.14)
c) Industrial Alcohol	B.L.	**71124102**	*	**64009323**	**16481.99**
		(48271967)		(50661405)	(13472.54)
d) Power	Kw.	**1015388119**	$	**1015364013**	**29392.93**
		(495754364)		(493166752)	(12477.72)
e) Organic Manure	M.T.	**46975**	&	**51300**	**369.16**
		(27129)		(33714)	(251.18)
f) Bagasse	Qtls.	**39534211**	§	**37178623**	**512.93**
		(16293486)		(16750723)	(130.01)
g) Miscellaneous					**340.48**
					(119.38)
Trading Goods					
Raw Sugar	Qtls.			**399472**	**9669.81**
				(–)	(–)
Total					**306321.81**
					(177101.78)

23 NOTES ON ACCOUNTS (Contd...)

Particulars	Unit	18 Months ended 31st March, 2011 Quantity	Year ended 30th September, 2009 Quantity
@ Includes production out of Raw Sugar processed	Qtls.	869112	–
^ Includes process/storage loss	Qtls.	3746	5602
# Includes			
auto combustion/storage loss	Qtls.	40264	35261
inter unit transfers taken at nil value	Qtls.	3207127	2119461
* Includes			
storage loss	B.L.	811838	858693
captive consumption taken at nil value	B.L.	18200	10600
$ Includes			
captive consumption	Kw.	90949176	47277104
transmission loss	Kw.	10558636	4412083
inter unit transfers taken at nil value	Kw.	202779442	83820025
& Includes			
issued as process loss/ issued as sample	M.T.	6020	707
§ Includes			
storage loss	Qtls.	282173	20450
captive consumption	Qtls.	13626690	5418556
inter unit transfers taken at nil value	Qtls.	21892029	10715140

Purchase of Goods

Class of Goods	Unit	Quantity	Amount (₹ in lacs)
By Products			
Molasses	Qtls.	**98994**	**8.57**
		(–)	(–)
Bagasse	Qtls.	**254759**	**101.57**
		(–)	(–)
Trading Goods			
Raw Sugar	Qtls.	**399472**	**9893.68**
		(–)	(–)

Acquired on Merger

Class of Goods	Unit	Quantity	Amount (₹ in lacs)
Sugar	Qtls.	**20347**	**493.52**
		(–)	(–)
Bagasse	Qtls.	**39907**	**9.98**
		(–)	(–)

23 NOTES ON ACCOUNTS (Contd...)

Class of Goods	Unit	Opening Stock		Closing Stock	
		Quantity	Amount (₹ in Lacs)	Quantity	Amount (₹ in Lacs)
a) Sugar	Qtls.	**929522**	**19222.45**	**5050250**	**133941.24**
		(3161592)	(47191.39)	(929522)	(19222.45)
b) Molasses	Qtls.	**283725**	**696.40**	**2005320**	**5016.65**
		(488736)	(961.69)	(283725)	(696.40)
c) Industrial Alcohol	B.L.	**4376324**	**733.11**	**11491103**	**2007.37**
		(6765762)	(806.94)	(4376324)	(733.11)
d) Banked Power	Kw.	**7529787**	**120.94**	**7553893**	**71.91**
		(4942175)	(56.35)	(7529787)	(120.94)
e) Organic Manure	M.T.	**7974**	**50.15**	**3649**	**27.71**
		(14559)	(48.47)	(7974)	(50.15)
f) Bagasse	Qtls.	**696409**	**210.55**	**3346663**	**1505.48**
		(1153646)	(342.21)	(696409)	(210.55)
Total			**21033.60**		**142570.36**
			(49407.05)		(21033.60)

B. Raw Materials Consumed

Class of Goods	Unit	Quantity	Amount (₹ in lacs)
a) Sugar Cane	Qtls.	**123150992**	**279870.34**
		(48322212)	(73720.18)
b) Raw Sugar	Qtls.	**906818**	**21719.77**
		(–)	(–)
c) Molasses	Qtls.	* **3207127**	**1691.25**
		(2173982)	(1325.35)
d) Pressmud	M.T.	# **135251**	**61.30**
		(96292)	(23.22)
e) Bagasse	Qtls.	@ **21892029**	**5952.24**
		(11146117)	(1203.81)
f) Others			**811.13**
			(65.54)
Total			**310106.03**
			(76338.10)

	Unit	18 Months ended 31st March, 2011 Quantity	Year ended 30th September, 2009 Quantity
* Includes consumed out of inter unit transfers taken at nil value	Qtls.	3207127	2119461
# Includes consumed out of inter unit transfers taken at nil value.	M.T.	135251	96292
@ Includes consumed out of inter unit transfers taken at nil value.	Qtls.	21892029	10715140

23 NOTES ON ACCOUNTS (Contd...)

C. Consumption of Raw Materials

Particulars	Percentage	Amount (₹ in lacs)
Imported	**0.07**	**21719.77**
	(–)	(–)
Indigenous	**99.93**	**288386.26**
	(100.00)	(76338.10)
	100.00	**310106.03**
	(100.00)	(76338.10)

D. Consumption of Stores & Spare Parts

Particulars	Percentage	Amount (₹ in lacs)
Imported	**0.21**	**18.61**
	(0.41)	(12.90)
Indigenous	**99.79**	**8683.43**
	(99.59)	(3101.38)
	100.00	**8702.04**
	(100.00)	(3114.28)

E. Expenditure in Foreign Currency

Particulars	Amount (₹ in lacs)
On Professional & Consultancy Expenses	**10.65**
	(4.79)
On Travelling	**42.42**
	(50.07)
On Interest	**2000.37**
	(2886.87)
On Others	**5.72**
	(9.72)

F. Earnings in Foreign Exchange

Particulars	Amount (₹ in lacs)
FOB Value of Exports	**4940.74**
	(768.75)

G. Value of Import on C.I.F. Basis

Particulars	Amount (₹ in lacs)
Raw Materials	**22962.18**
	(8076.28)
Components and Spare Parts	**22.43**
	(–)

Note : Figure in brackets pertain to previous year.

23 NOTES ON ACCOUNTS (Contd...)

31. 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	18 Months ended 31st March, 2011	Year ended 30th September, 2009
i) Year to which Dividend relates	30/09/2009	30/09/2008
ii) Number of non-resident shareholders	1277	1101
iii) Number of Ordinary Shares held by them	41338957	39351625
iv) Gross amount of Dividend (₹ in Lacs)	1240.17	196.76

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

b) The aforesaid Scheme of Arrangement has become effective on filing the certified copy of the order dated 24.06.2010 passed by Hon'ble BIFR with the Registrar of Companies, Delhi and also with the Registrar of Companies, West Bengal both on 21.07.2010. Therefore, not withstanding a subsequent appeal filed by one of the stake holder against the aforesaid order of BIFR, the Company has recorded in its books all the assets and liabilities pertaining to the Demerged Undertaking at values as appearing in the books of IGIL as on the appointed date after giving effect of the Scheme save and except fixed assets having gross book value of ₹7645.46 lacs which have been revalued prior to the demerger and accordingly the fixed assets have been recorded in the books of the Company at the revalued amount.

c) In consideration for the transfer and vesting of the Demerged Undertaking, the scheme provides for payment of ₹75.00 lacs in cash and issue of Equity Shares worth ₹85.15 lacs (including share premium) of the Company in the ratio of 1 Equity Share of ₹1/- each fully paid up for every 100 Equity Shares of ₹1/- in IGIL. However, Equity Shares worth ₹45.95 lacs have not been issued in view of Company's holding of 53.96% in IGIL and thus Equity Shares amounting to ₹39.20 lacs (including premium) have been issued to the share holders of IGIL.

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

33. a) With effect from the Current accounting period, the Company has changed its financial year ending from 30th September to 31st March pursuant to the approval of Registrar of Companies, Kolkata. Accordingly, the current financial period is for eighteen months i.e. from 1st October, 2009 to 31st March 2011.

b) Figures for the current period include all the assets and liabilities and the revenues and expenses pertaining to the Demerged Undertaking as mentioned herein above. The previous year figure does not include the figures in respect of said Demerged Undertaking.

c) In view of above, the figures of the current financial period are not comparable with those of the previous year.

34. 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 period financial statements and are to be read in relation to the amounts and other disclosures relating to the current period.

23 NOTES ON ACCOUNTS (Contd...)

35. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L15421WB1975PLC030118	State Code :	21
Balance Sheet Date	31 (Date) 03 (Months) 2011 (Year)		

II. Capital Raised during the period (Amount ₹ in Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Employee Stock Options	131623
Private Placement	3920		

III. Position of Mobilisation and Deployment of Fund (Amount ₹ in Thousands)

Total Liabilities	38701070	Total Assets	38701070
Sources of Funds			
Paid up Capital	256275	Reserves and Surplus	12723362
Shareholders Account	(86067)	Secured Loans	17066883
Unsecured Loans	3000000	Deferred Tax Liability	2834047
Application of Funds			
Net Fixed Assets	17160239	Investments	1286075
Deferred Tax Assets	585569	Net Current Assets	16762617
Misc. Expenditure	NIL	Accumulated Losses	NIL

IV. Performance of the Company (Amount ₹ in Thousands)

Turnover *(incl. Other Income)*	29922177	Total Expenditure	27662164
Profit before Tax	2260013	Profit after Tax	1644075
Basic Earning Per Share	6.35	Dividend Rate (%)	75

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Product Description	SUGAR
Item Code No. (ITC Code)	170111.90
Product Description	INDUSTRIAL ALCOHOL
Item Code No. (ITC Code)	220720.00
Product Description	CO-GENERATION
Item Code No. (ITC Code)	N.A.

Signatories to all foregoing Schedules '1' to '23' forming part of the Accounts.

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

(CA. Sunita Kedia
Membership No. 60162)
Partner
7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

S. K. Agrawala
Secretary

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

Auditor's Report on Consolidated Financial statements

To the Board of Directors,

BALRAMPUR CHINI MILLS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED**, its Subsidiaries and Associate as at 31st March, 2011 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the 18 months period ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate Financial Statements and other financial information regarding components thereof. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

3. The Financial Statements for the 18 months period ended 31st March, 2011 of Indo Gulf Industries Limited, the Subsidiary Company whose total assets of ₹867.57 lacs and total revenue of ₹478.23 lacs and the related Cash Flows have been proportionately consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.

4. The Financial Statements for the 18 months period ended 31st March, 2011 of Balrampur Overseas Private Limited, the wholly owned Subsidiary Company whose total assets of ₹217.85 lacs and total revenue of ₹140.05 lac and the related Cash Flows have been fully consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.

5. The Financial Statements for the year ended 31st March, 2011 of VA Friendship Solar Park Private Limited (Associate Company) in which Company's Share of Profit of ₹1.22 lacs have been consolidated, have been audited by another auditor whose report have been furnished to us and our opinion, so far it relates to the amount included in respect of the Associate Company, is based solely on the report of the other auditor.

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

7. Based on our audit and on consideration of the reports of other auditors on separate Financial Statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Consolidated Balance Sheet, of the state of affairs of Balrampur Chini Mills Limited, its Subsidiaries and Associate as at 31st March, 2011;

   ii) in the case of the Consolidated Profit & Loss Account, of the Consolidated **profit** for the 18 months period ended on that date; and

   iii) in the case of the Consolidated Cash Flow Statement, of the Consolidated cash flows for the 18 months period ended on that date.

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

7A, Kiran Shankar Ray Road,
Kolkata – 700 001
13th May, 2011.

(**CA. Sunita Kedia**
Membership No. 60162)
Partner

Consolidated Balance Sheet As at 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31st March, 2011		As at 30th September, 2009	
I. SOURCES OF FUNDS					
1. **Shareholders' Funds**					
a) Share Capital	1	2562.75		2567.55	
b) Reserves & Surplus	2	127233.71		110814.98	
		129796.46		113382.53	
c) Share Holders Account (Refer Note No. 8 of Schedule - 23)		(860.67)	128935.79	–	113382.53
2. **Minority Interest**			–		–
3. **Loan Funds**					
a) Secured Loans	3	170668.83		98748.34	
b) Unsecured Loans	4	30308.38	200977.21	308.38	99056.72
4. **Deferred Tax Liability** (Refer Note No. 6 of Schedule - 23)			28340.47		26163.47
Total			**358253.47**		**238602.72**
II. APPLICATION OF FUNDS					
1. **Fixed Assets**	5				
a) Gross Block		253739.60		248886.63	
b) Less: Depreciation & Amortisation		82062.87		66557.89	
c) Net Block		171676.73		182328.74	
d) Capital Work-in-Progress		608.94		779.55	
			172285.67		183108.29
2. **Investments**	6		12653.29		12221.98
3. **Deferred Tax Assets** (Refer Note No. 6 of Schedule - 23)			5855.69		5775.69
4. **Current Assets, Loans & Advances**					
a) Inventories	7	149130.58		35111.64	
b) Sundry Debtors	8	8974.38		1711.28	
c) Cash and Bank Balances	9	3443.81		3416.31	
d) Other Current Assets	10	26.92		15.83	
e) Loans and Advances	11	34982.63		23981.40	
		196558.32		64236.46	
Less: Current Liabilities & Provisions					
a) Current Liabilities	12	24074.47		16219.15	
b) Provisions	13	5025.03		10573.82	
		29099.50		26792.97	
Net Current Assets			167458.82		37443.49
5. **Miscellaneous Expenditure**	14		–		53.27
(To the extent not written off or adjusted)					
Total			**358253.47**		**238602.72**
Basis of Consolidation and Significant Accounting Policies	22				
Notes on Consolidated Accounts	23				

Schedules 1 to 14, 22 & 23 referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

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

(CA. Sunita Kedia
Membership No. 60162)
Partner

S. K. Agrawala
Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

Consolidated Profit & Loss Account For the 18 months period ended 31st March, 2011

(₹ *in Lacs*)

Particulars	Schedule	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
I. INCOME					
Gross Turnover					
Sales		306321.81		182046.06	
Less: Excise Duty & Cess		9082.84		7337.07	
Net Turnover			297238.97		174708.99
Other Income	15		2601.05		820.19
Total			**299840.02**		**175529.18**
II. EXPENDITURE					
(Increase)/ Decrease in Stock	16		(116699.15)		28186.64
Cost of Raw Materials Consumed			310106.03		78217.01
Purchase of Traded Goods			9893.68		–
(Profit)/Loss from Farm Accounts	17		(17.22)		5.04
Salaries, Wages & Other Employees' Benefits	18		15882.83		9462.33
Other Manufacturing & Administrative Expenses	19		24636.54		13038.85
Selling Expenses	20		2453.17		1067.44
Interest & Other Financial Charges (Net)	21		13839.67		10682.34
Depreciation & Amortisation			17312.15		11596.85
Adjustments relating to earlier years (Net) (Refer Note No. 17 of Schedule - 23)			5.00		15.75
Total			**277412.70**		**152272.25**
III. PROFIT BEFORE TAX			**22427.32**		**23256.93**
Less: Provision for Tax					
Current Tax (Including Wealth Tax ₹50.00 Lacs; Previous year ₹33.00 Lacs)		3804.00		3449.00	
Fringe Benefit Tax		–		28.20	
Deferred Tax		2097.00		6128.43	
MAT Credit Write Down / (Entitlement) (Refer Note No.13 of Schedule-23)		262.18		(5904.18)	
Income Tax Provision for Earlier Years Written Back		(3.80)	6159.38	(1391.09)	2310.36
IV. Profit after Tax but before Adjustment of Minority Interest & Share of Associate			**16267.94**		**20946.57**
Profit/ (Loss) attributable to Minority Shareholders			–		–
Add/(Less) : Share of Profit/(Loss) in Associate			1.22		(41.65)
V. Profit after Adjustment of Minority Interest & Share of Associate			**16269.16**		**20904.92**
Add: Adjustments on account of restructuring (Refer Note No. 29(c) of Schedule -23)			3078.62		–
Add: Balance brought forward			80.05		(813.15)
VI. PROFIT AVAILABLE FOR APPROPRIATION			**19427.83**		**20091.77**
VII. APPROPRIATIONS					
Proposed Dividend on Equity Shares			1852.05		7702.65
Tax on Proposed Dividend			300.45		1309.07
Dividend on Equity Shares (Including Tax on Dividend) for previous year			59.38		–
General Reserve			10000.00		11000.00
Balance Carried to Balance Sheet			7215.95		80.05
			19427.83		**20091.77**
Earnings per Share (Nominal value per Share ₹1/-)					
(Refer Note No. 18 of Schedule - 23)					
- Basic (₹)			6.29		8.18
- Diluted (₹)			6.28		8.16
Number of Shares used in computing Earnings per Share					
- Basic			258756052		255623126
- Diluted			258890232		256189222
Basis of Consolidation and Significant Accounting Policies	22				
Notes on Consolidated Accounts	23				

Schedules 15 to 23 form an integral part of the Consolidated Profit & Loss Account.

This is the Consolidated Profit & Loss Account referred to in our report of even date.

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

(CA. Sunita Kedia
Membership No. 60162)
Partner

S. K. Agrawala
Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

Consolidated Cash Flow Statement For the 18 months period ended 31st March, 2011

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax, Adjustment of Minority Interest and Share of Associate:		**22427.32**		**23256.93**
Adjustments to reconcile Net Profit before tax, Adjustment of Minority Interest and Share of Associate to Cash Flow provided by Operating Activities :				
Depreciation & Amortisation	17312.15		11596.85	
Interest	13870.07		10720.13	
Provision for Doubtful Debts & Advances	98.71		6.00	
Provision for Retirement Benefits of Employees	(4.98)		6.34	
Provision for fall in value of Investments/Doubtful Advances / Old and unreconciled Bank Balances Written Back	(556.66)		(147.70)	
Unspent Liabilities / Balances Written Back	(295.86)		(149.80)	
Provision for Contingencies Written Back	(0.45)		–	
Sundry Debit Balances /Advances Written Off	637.66		109.59	
Provision for Diminution in Value of Investments	–		1.47	
Investments Written Off	38.42		98.09	
Bad Debts Written Off	404.19		–	
Profit on Sale of Fixed Assets	(18.84)		(36.27)	
Loss on Sale/discard of Fixed Assets	1823.35		683.44	
(Profit) on Sale of Investments	–		(79.46)	
Unrealised Exchange Rate Fluctuation - (Gain) /Loss	(11.08)		14.77	
Employee Stock Option Expense	239.71		891.11	
Share Issue Expenses Written Off	53.27		124.83	
Transfer to Storage Fund for Molasses	78.40	33668.06	18.28	23857.67
Operating Profit before Working Capital changes		**56095.38**		**47114.60**
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :				
Trade Debtors & Other Receivables	(11489.25)		4517.31	
Inventories	(114018.94)		23300.79	
Trade Payables and Other Liabilities	8626.00	(116882.19)	(4555.36)	23262.74
Cash Generated from Operations		**(60786.81)**		**70377.34**
Direct Taxes Paid		(2212.17)		(4017.30)
Net Cash Generated / Used - Operating Activities		**(62998.98)**		**66360.04**
B CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets (Including Intangibles)	(6049.42)		(1167.54)	
Sale of Fixed Assets	708.24		281.82	
Purchase of Investments	(0.70)		–	
Sale/(Purchase) of Shares of Associates	(225.01)		136.44	
Purchase of Post Office NSC	(1.10)		(2.69)	
Proceeds on maturity of Post Office NSC & NPC	–		1.36	
Fixed Deposits made with Banks	(261.65)		(586.82)	
Fixed Deposits redeemed from Banks	81.78		593.15	
Loan Given	(7552.00)		(12050.00)	
Loan Received back	202.00		9300.00	
Interest Received on Fixed Deposits / Loans / Govt. Securities	555.63		103.64	
Net Cash Generated / Used - Investing Activities		**(12542.23)**		**(3390.64)**

Consolidated Cash Flow Statement (Contd...)

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Exercise of Stock Options	1316.23		548.44	
Buy Back of Equity Shares	(3265.96)		–	
Capital Subsidy	21.80		–	
Proceeds from Long Term Borrowings	–		5570.23	
Repayment of Long Term Borrowings	(25754.85)		(10468.53)	
Repayment/Proceeds from Other Borrowings (Net)	127686.42		(34105.74)	
Interest Paid	(15272.34)		(11060.34)	
Dividend Paid including Tax thereon	(9071.10)		(1494.82)	
Net Cash Generated / Used - Financing Activities		**75660.20**		**(51010.76)**
D. FOREIGN CURRENCY TRANSLATION RESERVE		(12.02)		2.81
Net Increase in Cash & Cash Equivalents (A+B+C+D)		**106.97**		**11961.45**
Opening Cash and Cash Equivalents		15388.12		3426.67
Closing Cash and Cash Equivalents		**15495.09**		**15388.12**

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 Standard) Rules, 2006.
2) Interest paid is exclusive of, and Purchase of Fixed Assets is inclusive of, interest capitalised Nil (previous year Nil).
3) Additions to Fixed Assets include movement of Capital Work-in-Progress during the period.
4) Consideration for Sale and Purchase of Shares of Associates fully discharged by means of Cash.
5) Repayment / Proceeds from Other Borrowings have been shown on net basis.
6) Current Investments carry insignificant risk and are readily convertible into known amount of Cash, hence considered as part of Cash & Cash Equivalents.
7) Cash & Cash Equivalents do not include any amount which is not available to the Company for its use.
8) Cash and Cash Equivalents at the end of the period consists of:

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009
a) Cash on hand	121.30	138.04
b) Cheques on hand	69.44	637.89
c) Balance with Banks on Current Accounts	2803.89	2410.24
d) Balance with Post Office on Savings Bank Account	0.46	0.46
e) Current Investments (In Liquid Schemes of Mutual Funds)	12500.00	12201.49
	15495.09	**15388.12**

9) Reconciliation of items of Cash & Cash Equivalents as disclosed in Consolidated Cash Flow Statement with the equivalent items as reported in the Balance Sheet :

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009
Cash and Cash Equivalents as per Cash Flow Statement	15495.09	15388.12
Add : Fixed Deposits classified as Investing Activities	312.56	132.69
Add : Bank Balances in Unclaimed Dividend Accounts not considered as an item of Cash & Cash Equivalents in Cash Flow Statement	136.16	96.99
Less : Current Investments classified as Cash Equivalents	12500.00	12201.49
Cash and Bank Balances as reported in Balance Sheet	**3443.81**	**3416.31**

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

This is the Consolidated Cash Flow Statement referred to in our report of even date.

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

(CA. Sunita Kedia	**S. K. Agrawala**	**Kishor Shah**	**Vivek Saraogi**
Membership No. 60162)	*Secretary*	*Director cum*	*Managing Director*
Partner		*Chief Financial Officer*	

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

Schedules forming part of the consolidated accounts

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
1 SHARE CAPITAL				
Authorised				
40,00,00,000 (Previous year 40,00,00,000) Equity Shares of ₹1/- each	4000.00		4000.00	
25,00,000 (Previous year 25,00,000) Preference Shares of ₹100/- each	2500.00		2500.00	
		6500.00		**6500.00**
Issued, Subscribed and Paid up				
25,62,74,911 (Previous year 25,67,55,060) Equity Shares of ₹1/- each fully paid up (Refer Note No. 7 of Schedule - 23)		2562.75		2567.55
		2562.75		**2567.55**

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
2 RESERVES & SURPLUS				
Capital Reserves				
Balance as per last account	1006.42		86.42	
Add : Forfeiture of Deposit against Convertible Warrants	–		920.00	
Add : Capital Subsidy	21.80	1028.22	–	1006.42
Capital Reserves (Arising on Consolidation)				
Balance as per last account	–		11.57	
Less : Eliminated on ceasation of Associate	–	–	11.57	–
Capital Redemption Reserve				
Balance as per last account	2500.00		2500.00	
Add: Transfer from General Reserve on Buy Back of Equity Shares (Refer Note No. 8 of Schedule-23)	34.49	2534.49	–	2500.00
Securities Premium				
Balance as per last account	49811.81		48758.96	
Add: On Issue of Equity Shares (Refer Note No. 29 (b) of Schedule -23)	38.76		–	
Add: On Exercise of Employees Stock Option	1984.94	51835.51	1052.85	49811.81
Revaluation Reserve				
Balance as per last account		18.24		18.24
Employees Stock Option Adjustment Account				
Balance as per last account	840.82		196.18	
Add: Options Granted	–		546.99	
Add: Revision in Options Price	–		645.23	
	840.82		1388.40	
Less: Options Exercised	697.96		516.60	
Less: Options Forfeited	30.42		30.98	
	112.44		840.82	
Less: Deferred Employee Compensation Expenses (Refer Note No. 9 of Schedule - 23)	–	112.44	270.13	570.69
General Reserve				
Balance as per last account	56741.00		45770.31	
Add: Transfer from Profit & Loss Account	10000.00		11000.00	
	66741.00		56770.31	
Less: Eliminated on ceasation of Associates	–		29.31	
Less: Utilised on Buy Back of Equity Shares	2370.80		–	
Less: Transfer to Capital Redemption Reserve on Buy Back of Equity Shares (Refer Note No. 8 of Schedule - 23)	34.49	64335.71	–	56741.00
Profit & Loss Account				
Surplus as per Annexed Account		7215.95		80.05
Storage Fund for Molasses				
Balance as per last account	67.82		49.54	
Add: Transfer from Profit & Loss Account	78.40	146.22	18.28	67.82
Foreign Currency Translation Reserve				
Balance as per last account	18.95		16.14	
Add /(Less): Translation difference	(12.02)	6.93	2.81	18.95
		127233.71		**110814.98**

Schedules forming part of the consolidated accounts

(₹ in Lacs)

Particulars	As at 31st March, 2011	As at 30th September, 2009
3 SECURED LOANS		
A. TERM LOANS		
I. Rupee Loans		
a) State Bank of India (SBI)	–	633.84
b) State Bank of India (SBI) (Interest Free)	4996.78	11873.00
c) Punjab National Bank (PNB) (Interest Free)	224.00	510.00
d) Government of India, Sugar Development Fund (SDF)	10796.29	12355.86
e) Government of India (GOI) (Interest Free)	–	80.25
II. External Commercial Borrowings (ECB)		
a) State Bank of India (SBI)	13786.50	17251.11
b) UCO Bank (UCO)	4120.50	4120.50
c) ABN Amro Bank, NV (ABN)	4801.26	8056.15
d) CITI Bank (CITI)	2946.70	4420.00
e) BNP Paribas (BNP)	–	2327.50
f) Standard Chartered Bank (SCB)	3060.40	4372.00
g) DBS Bank Ltd. (DBS)	6651.00	6651.00
h) Cooperative Centrale Raiffeisen- Boerenleenbank, B.A. (CCRB)	8928.16	8928.16
i) International Finance Corporation, Washington (IFC)	11355.36	15853.51
Total (A)	**71666.95**	**97432.88**
B. WORKING CAPITAL LOANS		
a) State Bank of India (SBI)	97691.26	1315.46
b) Punjab National Bank (PNB)	1310.62	–
Total (B)	**99001.88**	**1315.46**
Total (A+B)	**170668.83**	**98748.34**
Summary of Secured Loans		
Loans from Banks	148517.18	70458.72
Loans from Others	22151.65	28289.62
	170668.83	**98748.34**
Interest Accrued & Due Included Above		
In loans from Banks	–	8.84

Notes :

1. Rupee Term loan 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 co-generation units at Akbarpur and also guaranteed by the Managing Director of the Company (due within a year Nil, previous period ₹633.84 lacs).
2. a) Interest Free Rupee Term Loan amounting to ₹4853.00 lacs from SBI is secured by way of residual charge on immovable properties, both present and future, pertaining to Company's all sugar units (excluding Maizapur Sugar Unit), hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with PNB and residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company (excluding Maizapur Sugar Unit) (due within a year ₹4853.00 lacs, previous period ₹6790.00 lacs).

   b) Interest Free Rupee Term Loan amounting to ₹143.78 lacs from SBI is secured by way of residual charge on movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Maizapur, and is to be further secured by way of residual charge on immovable properties both present and future, pertaining to Company's sugar unit at Maizapur (due within a year ₹114.96 lacs, previous period ₹86.22 Lacs).
3. Interest Free Rupee Term Loan from PNB is secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI (due within a year ₹224.00 lacs, previous period ₹286.00 lacs).
4. 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 unit at Tulsipur, sugar and cogeneration units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon (due within a year ₹1806.14 lacs, previous period ₹1559.57 lacs).
5. Interest Free Rupee Term Loan from GOI was secured by way of equitable mortgage on immovable properties and hypothecation

3 SECURED LOANS (Contd...)

of movable properties, both present and future, pertaining to Company's sugar unit at Babhnan, subject to charge on current assets (including book debts) created in favour of SBI to secure the working capital limits and also guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Nil, previous period ₹80.25 lacs).

6. a) ECB from SBI amounting to Nil 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 Akbarpur (due within a year Nil, previous period ₹3464.61 lacs).

   b) ECB from SBI amounting to ₹13786.50 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year ₹5514.60 lacs, previous period Nil).

7. ECB from CCRB and UCO are 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 (due within a year ₹8928.16 lacs, previous period Nil).

8. ECB from BNP 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 (due within a year Nil, previous period ₹2327.50 lacs).

9. ECB from ABN is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Mankapur (due within a year ₹2400.63 lacs, previous period ₹3254.89 lacs).

10. ECB from CITI is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year ₹1473.30 lacs, previous period ₹1473.30 lacs).

11. ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's cogeneration unit at Balrampur (due within a year ₹1748.80 lacs, previous period ₹1311.60 lacs).

12. ECB from DBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur (due within a year ₹6651.00 lacs, previous period Nil).

13. a) ECB from IFC amounting to Nil was 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 Company's distillery and organic manure units at Babhnan and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Nil, previous period ₹699.90 lacs).

    b) ECB from IFC amounting to ₹11355.36 lacs 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 (due within a year ₹2522.32 lacs, previous period ₹3787.17 lacs).

14. Working Capital Loans with SBI is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) on pari passu basis with PNB, hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Babhnan (excluding current assets of cogeneration & distillery units) on pari passu basis with HDFC and hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company (excluding current assets of cogeneration & distillery units) and further secured / to be secured by way of 3rd charge on fixed assets of all the sugar units of the Company.

15. Working Capital Loans with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) ranking pari passu with SBI.

16. Aggregate amount of Term Loans payable within a year ₹36236.91 lacs, previous period ₹25754.85 lacs.

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
4 UNSECURED LOANS				
Short Term Loan				
From Banks		30000.00		–
Other than Short Term Loans				
Deferred Sales Tax		308.38		308.38
		30308.38		**308.38**

Schedules forming part of the consolidated accounts

(₹ *in Lacs*)

5 FIXED ASSETS

		GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
Sl. No.	**Particulars**	**As at 01.10.2009**	***Additions/ Adjustments during the period**	**Deductions/ Adjustments during the period**	**Total As at 31.03.2011**	**Up to 30.09.2009**	**For the period**	**Deductions/ Adjustments during the period**	**Total Up to 31.03.2011**	**As at 31.03.2011**	**As at 30.09.2009**
	Tangible Assets										
1	Land (Freehold)	6791.57	427.31	6.70	7212.18	–	–	–	–	7212.18	6791.57
2	Land (Lease hold)	473.68	10.83	–	484.51	23.50	5.74	–	29.24	455.27	450.18
3	Building & Office Premises	47641.94	1959.55	14.15	49587.34	6432.19	1609.00	18.27	8022.92	41564.42	41209.75
4	Railway Siding	11.13	–	2.45	8.68	7.08	0.62	2.32	5.38	3.30	4.05
5	Tube Well & Water Supply	485.50	2.05	(93.01)	580.56	68.73	13.85	(3.83)	86.41	494.15	416.77
6	Plant & Machinery	186696.36	5993.08	3994.28	188695.16	56061.29	14764.31	1520.55	69305.05	119390.11	130635.07
7	Furniture & Other Office Equipments	2949.06	264.97	81.21	3132.82	1628.82	324.84	64.94	1888.72	1244.10	1320.24
8	Motor Vehicles	1935.26	422.48	226.52	2131.22	1195.17	193.74	112.07	1276.84	854.38	740.09
	Intangible Assets										
9	Goodwill On Consolidation	1897.55	–	–	1897.55	1138.53	304.56	–	1443.09	454.46	759.02
10	Computer Software (Acquired)	4.58	–	(5.00)	9.58	2.58	2.87	0.23	5.22	4.36	2.00
	Total	**248886.63**	**9080.27**	**4227.30**	**253739.60**	**66557.89**	**17219.53**	**1714.55**	**82062.87**	**171676.73**	**182328.74**
	Total Previous Year	248805.76	1206.59	1125.72	248886.63	55157.01	11597.61	196.73	66557.89	182328.74	
11	**Capital Work-in-Progress**	**779.55**	**6169.06**	**6339.67**	**608.94**	**–**	**–**	**–**	**–**	**608.94**	**779.55**
	Capital Work-in-Progress (Previous Year)	817.84	563.89	602.18	779.55	–	–	–	–	779.55	
	Grand Total	**249666.18**	**15249.33**	**10566.97**	**254348.54**	**66557.89**	**17219.53**	**1714.55**	**82062.87**	**172285.67**	**183108.29**
	Grand Total Previous year	249623.60	1770.48	1727.90	249666.18	55157.01	11597.61	196.73	66557.89	183108.29	

* Additions include ₹2900.94 lacs on account of revaluation gain.

Notes:

(₹ *in Lacs*)

Particulars	**18 Months ended 31st March, 2011**	**Year ended 30th September, 2009**
1) Depreciation for the period/year includes		
i) Depreciation for earlier years	(2.60)	17.28
ii) Depreciation Capitalised	1.07	0.77
iii) Goodwill written off	–	5.75

(₹ in Lacs)

Particulars	Face Value Per Share/Units	Number of Shares/Units	As at 31st March, 2011	Number of Shares/Units	As at 30th September, 2009
6 INVESTMENTS					
Long Term Investments (At Cost)					
In Equity Shares of Companies :					
Trade Investments :					
Unquoted, Fully Paid Up :					
Associate Company :					
VA Friendship Solar Park Pvt. Ltd. (Acquired during the period)	₹10	10200	131.32 $	–	–
Add: Share of Profit for current period			1.22		–
			132.54		–
Other Companies :					
Asia Sugar Industries Pvt. Ltd.	₹10	250000	12.43	250000	12.43
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	– ^
Other than Trade :					
Quoted, Fully Paid Up :					
VLS Finance Ltd. (written off during the period)	₹10	–	–	10300	38.42
Unquoted, Fully Paid Up :					
Fortuna Services Ltd. (70,239 Equity Shares acquired during the period)	₹1	70287	0.70	48	– ^
In Government Securities :					
(Deposited with Government Authorities)					
Post Office National Saving Certificates		–	7.58	–	6.50
Current Investments :					
(At lower of Cost and Fair Value)					
Unquoted :					
In Units of Mutual Funds :					
SBI - Magnum Insta Cash Fund - Cash Option (Acquired during the period)	₹10	57418202	12500.00	–	–
Birla Sun Life Savings Fund Institutional - Growth (Sold during the period)	₹10	–	–	2350620.70	400.04
SBI-SHF - Ultra Short Term Fund - Institutional Plan - Growth (Sold during the period)	₹10	–	–	100768491.08	11801.45
			12653.29		**12258.88**
Less: Provision for Diminution in value of Investments			–		36.90
			12653.29		**12221.98**
Aggregate Book Value of Quoted Investments			–		38.42
Aggregate Book Value of Unquoted Investments			12653.29		12220.46
Aggregate Market Value of Quoted Investments			–		1.52

$ Investment in associate includes goodwill of ₹93.69 Lacs (Previous year Nil), net of impairment during the period ₹93.69 Lacs (Previous year Nil).

^ Shown as Nil due to rounding off.

Note: Refer Note No. 11 of Schedule - 23 for Current Investments acquired and redeemed/ switched over during the period.

Schedules forming part of the consolidated accounts

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
7 INVENTORIES (At lower of cost and net realisable value)				
Stores & Spare Parts		4368.13		4414.48
Loose Tools		330.87		374.12
Scrap		69.93		33.88
Raw Materials		1241.91		8570.32
Molasses		5016.65		696.40
Bagasse		1505.48		220.53
Pressmud		17.61		1.21
Finished Goods				
Sugar	133941.24		19715.97	
Industrial Alcohol	2007.37		733.11	
Organic Manure	27.71		50.15	
Banked Power	71.91	136048.23	120.94	20620.17
Work- in- Progress				
Sugar	430.99		134.88	
Molasses	42.41		4.80	
Organic Manure	43.45	516.85	5.60	145.28
Standing Crop		14.92		35.25
		149130.58		**35111.64**
Notes : Stock in transit included in				
i) Stock of Stores & Spare Parts (₹ in Lacs)		122.52		36.23
ii) Stock of Raw Materials (₹ in Lacs)		–		513.89

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
8 SUNDRY DEBTORS (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	185.81		405.39	
Considered Doubtful	98.71	284.52	83.30	488.69
Other Debts - Considered Good		8788.57		1305.89
		9073.09		1794.58
Less : Provision for Doubtful Debts		98.71		83.30
		8974.38		**1711.28**
Note: Sundry Debtors include debts under litigation (₹ in Lacs)		98.71		45.59

(₹ in Lacs)

Particulars		As at 31st March, 2011		As at 30th September, 2009
9 CASH AND BANK BALANCES				
Cash and Cheques on hand (As certified)				
Cash on hand	121.30		138.04	
Cheques on hand	69.44	190.74	637.89	775.93
Bank Balances				
With Scheduled Banks				
On Current Accounts	2268.29		2337.53	
Less: Provision for Old and Un-reconciled Balances	–		115.16	
	2268.29		2222.37	
On Fixed Deposit Accounts (Refer Note No. 10 of Schedule - 23)	312.56		132.69	
On Unclaimed Dividend Accounts	136.16	2717.01	96.99	2452.05
With Non-Scheduled Banks				
On Current Accounts (Refer Note No. 12 of Schedule - 23)		535.60		187.87
With Post Office *				
On Saving Bank Account		0.46		0.46
		3443.81		**3416.31**
* Maximum amount outstanding at any time during the period (₹ in Lacs)		0.46		0.46

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
10 OTHER CURRENT ASSETS				
Interest Accrued on Investments & Fixed Deposits		26.92		15.83
		26.92		**15.83**

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
11 LOAN AND ADVANCES (Considered good except stated otherwise)				
Loans (Unsecured)		10100.00		2750.00
Advances (Unsecured)				
Advances recoverable in cash or in kind or for value to be received or pending adjustment				
Considered Good	16318.03		10388.36	
Considered Doubtful	232.33	16550.36	548.98	10937.34
Advance against Capital Assets		36.10		95.57
Advance Payment of Tax/Income Tax Refundable	11826.87		9816.68	
Less: Provision for Tax	11826.87	–	9816.68	–
MAT Credit Entitlement (Refer Note No. 13 of Schedule - 23)		5642.00		5904.18
Balances with Excise Authorities etc.				
Considered Good	2675.52		4781.10	
Considered Doubtful	–	2675.52	29.23	4810.33
Security Deposits				
Considered Good	210.98		62.19	
Considered Doubtful	–	210.98	126.01	188.20
		35214.96		**24685.62**
Less: Provision for Doubtful Advances		232.33		548.98
Less: Provision for Doubtful Excise Duty Advances		–		29.23
Less: Provision for Doubtful Deposits		–		126.01
		34982.63		**23981.40**
Note: Loans & Advances include advances under litigation (₹ in Lacs)		19.93		21.78

(₹ in Lacs)

Particulars	As at 31st March, 2011		As at 30th September, 2009	
12 CURRENT LIABILITIES				
Sundry Creditors				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 14 of Schedule - 23)	74.93		38.78	
Total outstanding dues of Creditors other than Micro and Small Enterprises	20906.42	20981.35	12470.47	12509.25
Advance from Customers		250.04		1049.91
Investor Education & Protection Fund				
Unclaimed Dividend *		136.16		96.99
Excess Price of Levy Sugar (Refer Note No. 15 of Schedule - 23)		34.96		43.15
Other Liabilities		1115.98		493.85
Interest accrued but not due on loans		1555.98		2026.00
		24074.47		**16219.15**

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

Schedules forming part of the consolidated accounts

(₹ *in Lacs)*

Particulars	As at 31st March, 2011		As at 30th September, 2009	
13 PROVISIONS				
Provision for Tax	14276.97		10704.69	
Less: Advance Payment of Tax / Income Tax Refundable	11826.87	2450.10	9816.68	888.01
Proposed Dividend		1852.05		7702.65
Provision for Tax on Proposed Dividend		300.45		1309.07
Provision for Retirement Benefits of Employees		372.09		377.07
Provision for Contingencies		50.34		297.02
(Refer Note No. 16 (a) of Schedule - 23)				
		5025.03		**10573.82**

(₹ *in Lacs)*

Particulars	As at 31st March, 2011		As at 30th September, 2009	
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Share Issue Expenses	53.27		178.10	
Less : Written off during the period/ year	53.27	–	124.83	53.27
		–		**53.27**

(₹ *in Lacs)*

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
15 OTHER INCOME				
Dividend on Current Investments (Other than Trade)		–		18.76
Profit from cancellation of Raw Sugar Contract		418.05		–
Insurance Claims		301.30		247.36
Unspent Liabilities / Balances Written Back		295.86		149.80
Provision for Fall in value of investments/Doubtful				
Advances/Old and unreconciled Bank Balances Written Back		556.66		153.05
Profit on Sale of Investments *		381.40		137.35
Gain on Raw Sugar Derivatives		139.98		–
Profit on Sale of Fixed Assets		18.84		36.27
Rent (Gross)		56.15		33.96
Miscellaneous Income (Gross)		137.37		43.64
Exchange Rate Fluctuation		294.99		–
Provision for Contingencies Written Back		0.45		–
		2601.05		**820.19**
Notes: Tax Deducted at Source				
i) on Rent (₹ in Lacs)		1.08		1.18
ii) on Miscellaneous Income (₹ in Lacs)		0.54		0.03
		1.62		**1.21**
*** Includes**				
Profit on Sale of Long Term Investments (Trade)		–		79.46
Profit on Sale of Current Investments (Other than Trade)		381.40		57.89
		381.40		**137.35**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
16 (INCREASE) / DECREASE IN STOCK				
Opening Stock				
Finished Goods	20620.17		50542.79	
Molasses	696.40		967.91	
Bagasse	220.53		345.26	
Pressmud	1.21		4.28	
Work -in-Progress	145.28	21683.59	113.31	51973.55
Less: Closing Stock				
Finished Goods	136048.23		20620.17	
Molasses	5016.65		696.40	
Bagasse	1505.48		220.53	
Pressmud	17.61		1.21	
Work -in-Progress	516.85	143104.82	145.28	21683.59
		(121421.23)		**30289.96**
(Add)/ Less: Excise Duty & Cess on Stock (Refer Note No. 19 of Schedule - 23)		(4722.08)		2103.32
		(116699.15)		**28186.64**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
17 FARM ACCOUNT				
Sales		126.05		21.35
Rent (Gross)		–		0.10
Miscellaneous Receipts		–		0.25
Closing Stock of Standing Crop		14.92		35.25
Net (Profit)/ Loss transferred to Profit & Loss Account		(17.22)		5.04
		123.75		**61.99**
Opening Stock of Standing Crop		35.25		14.32
Cane Seeds Purchase		13.95		6.70
Fertilisers & Manures		12.69		5.58
Salaries & Wages		17.22		6.08
Power & Fuel		6.24		2.88
Rent		9.62		3.14
Irrigation & Cultivation Expenses		19.49		15.17
Repairs - Others		7.18		6.97
Miscellaneous Expenses		2.11		1.15
		123.75		**61.99**

(₹ in Lacs)

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
18 SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS				
Salaries, Wages, Bonus etc.		13697.26		8322.71
Contribution to Provident Fund, Gratuity & Other Funds (Including provisions)		1734.90		887.85
Workmen & Staff Welfare Expenses		450.67		251.77
		15882.83		**9462.33**

Schedules forming part of the consolidated accounts

(₹ *in Lacs)*

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
19 OTHER MANUFACTURING & ADMINISTRATIVE EXPENSES				
Consumption of Stores & Spare Parts		8702.04		3196.79
Power & Fuel		560.11		434.62
Filling & Packing Expenses		330.92		116.39
Rent		141.62		41.58
Rates & Taxes		236.89		139.24
Repairs				
Plant & Machinery	4381.10		3308.67	
Buildings	382.64		337.90	
Others	396.23	5159.97	252.63	3899.20
Insurance		468.08		418.81
Payment to Auditors (Refer Note No. 20 of Schedule - 23)		63.61		34.48
Miscellaneous Expenses		4751.67		2904.06
Charity & Donation		179.47		96.45
Directors' Fees		6.64		6.17
Managerial Remuneration (Refer Note No. 21 of Schedule - 23)		939.94		531.60
Loss on Sale/Discard of Fixed Assets		1823.35		683.44
Exchange Rate Fluctuation		–		177.76
Provision for Doubtful Debts / Advances		98.71		6.00
Provision for Diminution in value of Investments		–		1.47
Investments Written Off		–		98.09
Bad Debts Written Off		404.19		–
Sundry Debit Balances / Advances Written Off		637.66		109.59
Share Issue Expenses Written Off		53.27		124.83
Transfer to Storage Fund for Molasses		78.40		18.28
		24636.54		**13038.85**

(₹ *in Lacs)*

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
20 SELLING EXPENSES				
Brokerage		1270.70		505.74
Dispatching & Forwarding Expenses		513.64		361.46
Cash Discount		378.76		159.99
Others		290.07		40.25
		2453.17		**1067.44**

(₹ *in Lacs)*

Particulars	18 Months ended 31st March, 2011		Year ended 30th September, 2009	
21 INTEREST & OTHER FINANCIAL CHARGES				
On Fixed Loans	10883.48		8436.80	
On Other Loans (Including Financial Charges)	3918.84	14802.32	2415.85	10852.65
Less:				
Interest Income (Gross) *				
On Long Term Investments (Govt. Securities)	0.80		0.29	
On Loan to Others	887.24		67.36	
On Income Tax Refund	20.39		14.68	
On Fixed Deposits with Banks	23.82		50.20	
On Others (Deposits etc.)	30.40	962.65	37.78	170.31
		13839.67		**10682.34**
* Tax deducted at Source on Interest (₹ in Lacs)		130.79		134.30

22 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF CONSOLIDATION :

The Consolidated Financial Statements relate to Balrampur Chini Mills Limited (" The Company"), its Subsidiaries and Associate. The Company and its Subsidiaries constitute the Group.

a) Basis of Accounting :

i) The Financial Statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. 31st March, 2011.

ii) The Consolidated Financial Statements of the Group have been prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and other Generally Accepted Accounting Principles in India. These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of Subsidiaries and Associate in the audited financial statements prepared for consolidation in accordance with the requirements of Accounting Standard - 21 and Accounting Standard - 23 by each of the included entities.

b) 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 have been fully eliminated.

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

iii) The Consolidated Financial Statements include the Share of Profit /Loss of the Associate Company which has been accounted as per the "Equity Method"; and accordingly, the Share of Profit /Loss of the Associate Company has been added to / deducted from the Carrying Cost of Investments.

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

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

v) The Minority Interest in the net assets of the Subsidiary (other than 100% wholly owned 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.

c) Companies considered in the Consolidated Financial Statements :

Name of the Company	Country of Incorporation	Percentage of ownership interest as at		Financial year ends on
		31.03.2011	30.09.2009	
Subsidiaries :				
Indo Gulf Industries Ltd.	India	53.96%	53.96%	31st March
Balrampur Overseas Pvt. Ltd.	Hong Kong	100.00%	100.00%	31st March
Associate :				
VA Friendship Solar Park Private Limited	India	42.50%	–	31st March

II. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis except certain fixed assets which are carried at revalued amount. GAAP comprises mandatory Companies (Accounting Standard) Rules, 2006 notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

22 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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.

3 Fixed Assets, Intangible Assets and Capital Work-in-Progress

a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988; Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999 and Land, Building and Plant & Machinery of Maizapur unit as at 30th September, 2008. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre-operational expenses including finance charges, wherever applicable.

b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortisation and impairment, if any.

c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital Work-in-Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4 Depreciation and Amortization

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

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

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

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

5 Investments

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

6 Inventories

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

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

c) By-products (Molasses, Bagasse & Press mud), Scrap and Standing Crop are valued at net realisable value.

d) Inter-unit transfer of By-products include the cost of transportation, duties, etc.

7 Share Issue Expenses

These are equally amortised over a period of five years.

8 Revenue Recognition

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

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

c) Dividend income is accounted for in the year it is declared.

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

22 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

9 Expenses

All the expenses are accounted for on accrual basis.

10 Government Grants

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

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

11 Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

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

A Contingent Asset is not recognized in the Accounts.

12 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in previous accounting period is reversed if there has been a change in the estimate of recoverable amount.

13 Foreign Currency Transactions

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

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

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 recognized 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 recognized in the Profit & Loss Account.

e) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit & Loss Account.

14 Borrowing Costs

Borrowing costs that are 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 Profit & Loss Account in the period in which they are incurred.

15 Insurance Claims

Accounted for on settlement of claims.

16 Employee Benefits

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.

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

17 Employee Stock Option Scheme

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

18 Taxes on Income

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

22 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

Deferred tax is recognized, 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.

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 Profit & Loss Account 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.

23 NOTES ON CONSOLIDATED ACCOUNTS

(₹ in Lacs)

	Particulars	As at 31st March, 2011	As at 30th September, 2009
1.	**Capital Commitments**		
	a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	493.92	247.87
	b) Advances paid against above	36.10	95.57
2.	**Contingent Liabilities not provided for in respect of:**		
	a) Differential Cane Price for the Sugar Seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble Calcutta High Court	–	32.93
	b) Differential Cane Price for the Sugar Season 2007-08 pending disposal of the Writ filed by the UP Sugar Mills Association of which the Company is a member, in Hon'ble Supreme Court of India	9461.04	9461.04
	c) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is subjudice	Amount not ascertainable	Amount not ascertainable
	d) Claims against the Company not acknowledged as debts :		
	i) Excise Duty Demand - under appeal	598.60	262.90
	ii) Sales Tax Demand - under appeal	47.28	5.12
	iii) Others - under appeal/litigation	885.06	861.87
	e) Bank Guarantees furnished (Bank Guarantees are provided under Contractual/Legal obligation)	2749.40	2884.66

3. The Company has accounted for Cane Price for the Sugar Season 2006-07 at State Advised Price of ₹125/- per quintal. Subsequently, the Hon'ble Supreme Court vide its interim order dated 27.02.2008 announced the price of ₹118/- per quintal. Accordingly, subsequent payment of Cane dues remaining outstanding on the date of the Order were made by the Company @ ₹118/- per quintal. Pending final decision of the Supreme Court, the impact of differential Cane Price has not been given in the Accounts.

4. 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 various Swap Contracts entered into in connection with hedging in respect of various External Commercial Borrowings availed by the Company.

5. a) 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 assets aggregating to ₹1200.77 lacs was substituted by the revalued amount of ₹1920.52 lacs and the resultant increase was credited to Revaluation Reserve.

b) 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 assets aggregating to ₹1023.85 lacs was substituted by the revalued amount of ₹2944.93 lacs and the resultant increase was credited to Revaluation Reserve in the books of erstwhile Tulsipur Sugar Company Limited.

c) Land, Building and Plant & Machinery of Maizapur unit were revalued as at 30th September, 2008 on net replacement value as per the report of S.K. Ahuja & Associates and the cost of the respective assets aggregating to ₹7645.46 lacs was substituted by

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

the revalued amount of ₹10546.40 lacs and the resultant increase was credited to Revaluation Reserve in the books of Indo Gulf Industries Limited.

6. **Details of Deferred Tax Liability and Assets are as below:** *(₹ in Lacs)*

Particulars	As at 31st March, 2011	As at 30th September, 2009
a) Deferred Tax Liability :		
Depreciation	28340.47	26163.47
Total	**28340.47**	**26163.47**
b) Deferred Tax Assets :		
i) Carried Forward Losses	3414.17	128.11
ii) Expenses allowable for tax purposes when paid	2441.52	5647.58
Total	**5855.69**	**5775.69**

Note :

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.

7. **Details of Issued, Subscribed and Paid up Equity Share Capital of the Company:**

i) 15,55,39,650 Equity Shares have been issued and allotted as fully paid up Bonus Shares by utilisation of Securities Premium, Capital Redemption Reserve and capitalisation of General Reserve.

ii) 2,37,55,600 Equity Shares have been issued to the members of erstwhile Babhnan Sugar Mills Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.

iii) 21,15,400 Equity Shares have been issued to the members of erstwhile Tulsipur Sugar Company Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.

iv) 44,048 Equity Shares have been issued to the members of Indo Gulf Industries Limited pursuant to the Rehabilitation Scheme containing the Scheme of Arrangement between the Company and Indo Gulf Industries Limited sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 24.06.2010 as fully paid up without payment received in cash.

v) Out of 2,27,66,780 Equity Shares of ₹1/- each offered to the shareholders on right basis, issue of 17,270 (Previous year 17,270) Equity Shares has been kept in abeyance as per the direction of court.

vi) 1,63,52,000 fully paid up Equity Shares of ₹1/- each were allotted against Global Depository Receipts (GDRs) which have since been converted.

vii) 42,25,350 fully paid Equity Shares have been allotted under Employees Stock Option Scheme.

viii) 34,49,147 Equity Shares were bought back and extinguished during the period.

ix) The Company has reserved issuance of 3,33,650 (Previous year 33,51,600) Equity Shares of ₹1/- each for offering to eligible employees of the company under Employee Stock Option Scheme.

8. Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Company made a Public Announcement on February 22, 2011, to buy-back the Equity Shares of face value of ₹1/- each of the Company from open market through stock exchange route at a price not exceeding ₹85/-per share, aggregating to ₹11000.00 lacs.

The Company has bought back 46,78,678 Equity Shares as at 31st March, 2011 at an average price of ₹69.80 per share, utilizing a sum of ₹3265.96 lacs. The amount paid towards buy-back of shares, in excess of the face value, has been utilised out of General Reserve. In terms of the provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy Back of Securities) Regulations 1998, as at 31st March, 2011 the Company has extinguished 34,49,147 Equity Shares and the remaining 12,29,531 Equity Shares have been extinguished on 13.04.2011. Consequently, the paid-up Equity Share capital of the Company has been reduced and the Company has created Capital Redemption Reserve of ₹34.49 lacs towards the face value of 34,49,147 Equity Shares of ₹1/- each by utilising General Reserve. The balance amount paid on buy-back of Equity Shares which are yet to be extinguished as on 31st March, 2011 has been shown by way of deduction from the Shareholders' Fund.

9. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years. During the previous year, Options covered by 1st, 2nd, 3rd and 4th Series which remained outstanding were re-priced. The revised Exercise Price of ₹45/- was approved by the Shareholders of the Company in the Extra-Ordinary General Meeting held on 25th May, 2009.

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

The details of Options granted, lapsed and exercised as on 31st March, 2011 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 Revised Exercise Price (₹)	36.10	42.65	45.75	–	N.A.	
Number of Options outstanding on the date of Revised Exercise Price	379350	689000	879000	1234000	–	3181350
Number of Options granted upto 30.09.2009	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 30.09.2009	360300	454600	485500	–	–	1300400
Number of Options lapsed upto 30.09.2009	162000	207000	138500	68000	18000	593500
Number of Options outstanding on 01.10.2009	100200	221400	371500	1212000	1446500	3351600
Number of Options granted during the period	–	–	–	–	–	–
Number of Options exercised during the period	87200	198900	335500	1157000	1146350	2924950
Number of Options lapsed during the period	–	1500	1000	12000	78500	93000
Number of Options outstanding on 31.03.2011	13000	21000	35000	43000	221650	333650

Note : Refer Director's Report for other disclosures.

10. a) 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 bank fixed deposits of ₹175.05 lacs (Previous year ₹84.55 lacs).

b) Fixed Deposits pledged with Excise authorities etc. ₹60.01 lacs (Previous year ₹45.01 lacs).

c) Fixed Deposits with Scheduled Banks include ₹76.50 lacs (Previous year Nil) deposited with UPPCL towards security deposit.

11. During the period, the following Current Investments in Liquid Schemes of Mutual Funds were acquired and switched/re-deemed :

Particulars of Investments	Acquired during the period		Switched/re-deemed during the period	
	No. of units	Amount (₹ in Lacs)	No. of units	Amount (₹ in Lacs)
Birla Sunlife Cash Manager Institutional	41029537.85	6501.30	41029537.85	6508.89
Birla Sunlife Cash Plus Institutional	85017741.81	12721.45	85017741.81	12724.42
Birla Sunlife Savings Fund Institutional - Growth	14010618.54	2400.43	14010618.54	2414.03
DSP BR Floating Rate Fund Inst. Plan	420451.13	5500.82	420451.13	5512.05
DSP BR Liquidity Fund Inst. Plan	829463.19	11100.00	829463.19	11102.58
DSP BR Money Manager Fund Inst. Plan	150648.67	2000.55	150648.67	2006.81
HDFC Cash Management Fund - Savings Plan	130860370.92	25013.88	130860370.92	25023.34
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale	62535488.90	12501.79	62535488.90	12534.09
ICICI Prudential Flexible Income Plan Premium	2320194.07	3900.46	2320194.07	3924.24
ICICI Prudential Floating Rate Plan D - Growth	2122100.17	3000.84	2122100.17	3014.74
ICICI Prudential Institutional Liquid Plan - Super Institutional	24750406.61	12600.00	24750406.61	12609.17
J M High Liquidity Fund Super IP	2681899.86	400.00	2681899.86	400.08
JM Money Manager Fund Super Plus Plan	2979318.43	400.08	2979318.43	401.32
Peerless Liquid Fund Institutional	12719100.51	1300.00	12719100.51	1300.23
Peerless Ultra Short Term Fund Super Institutional	2903036.81	300.06	2903036.81	301.32
Pramerica Liquid Fund	19678.52	200.00	19678.52	200.16
Pramerica Ultra Short Term Bond Fund	19768.92	200.16	19768.92	200.55
Reliance Liquidity Fund	388487273.70	53902.46	388487273.70	53925.68
Reliance Money Manager Fund - Institutional Option	1792471.28	22510.86	1792471.28	22565.44
Religare Liquid Fund	3835708.92	500.00	3835708.92	500.10
Religare Ultra Short Term Inst Fund	3807266.62	500.10	3807266.62	501.36
SBI Magnum Insta Cash Fund Cash Option	321724745.68	67909.96	321724745.68	67948.40
SBI-SHF - Ultra Short Term Fund - Institutional Plan - Growth	69439496.21	8501.63	69439496.21	8532.72
TATA Floater Fund	17785761.52	2408.23	17785761.52	2409.63
TATA Floating Rate Short Term Institutional Plan	30729783.44	4400.00	30729783.44	4402.28
TATA Treasury Manager SHIP	233308.03	2400.85	233308.03	2408.23
Templeton India Treasury Management Account Super IP	110643.18	1500.00	110643.18	1502.01

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

12. Balance with Non-Scheduled Banks on Current Accounts : *(₹ in Lacs)*

Name of the Bank	Closing Balance		Maximum amount outstanding at anytime during the period	
	As at 31st March, 2011	As at 30th September, 2009	18 Months ended 31st March, 2011	Year ended 30th September, 2009
Aryavart Gramin Bank - Barabanki (Unit:Haidergarh)	–	0.14	0.14	50.98
Aryavart Gramin Bank - Barabanki (Unit:Rauzagaon)	3.18	13.94	257.59	39.03
Aryavart Gramin Bank - Fatehpur	–	0.49	0.49	11.86
Aryavart Gramin Bank - Haidergarh	–	0.17	0.17	0.17
Baroda Eastern Up Gramin Bank - Faizabad	4.11	20.24	5.24	30.95
Baroda Eastern Up Gramin Bank - Fatehpur	–	1.60	1.60	14.95
Baroda Eastern Up Gramin Bank - Raibareli	–	0.20	0.20	22.46
Baroda Sahkari Kshetriya Gramin Bank - Gan	0.40	0.11	4.77	5.46
Baroda Uttar Pradesh Gramin Bank, Kurriya	0.71	3.17	61.14	4.46
District Cooperative Bank - Barabanki (Unit:Haidergarh)	0.83	0.26	35.85	12.44
District Cooperative Bank - Barabanki (Unit:Rauzagaon)	3.90	8.30	14.59	13.09
District Cooperative Bank - Faizabad (Unit:Rauzagaon)	1.02	1.86	1.14	2.02
District Cooperative Bank - Faizabad (Unit:Akbarpur)	0.10	0.08	18.21	26.30
District Cooperative Bank - Fatehpur	0.65	0.20	6.59	2.12
District Co-Operative Bank - Odraha	10.42	9.25	10.42	9.59
District Cooperative Bank - Sidhauli	0.05	–	15.10	–
District Cooperative Bank - Sultanpur	0.36	0.40	9.59	113.44
District Co-Operative Bank - Gola	50.26	0.43	170.68	0.50
District Co-Operative Bank - Khutar	–	0.10	0.43	0.14
District Co-Operative Bank - Nakha	15.15	0.23	15.15	0.41
District Co-Operative Bank - Neemgaon	0.44	0.10	0.44	0.22
District Co-Operative Bank - Sikardabad	0.23	0.08	0.71	0.08
District Co-Operative Bank - Amirnagar	0.38	0.59	1.26	0.73
District Co-Operative Bank - Fattehpur	0.44	0.38	0.59	0.53
District Co-Operative Bank - Mohammdipur	0.19	0.14	27.64	15.91
District Co-Operative Bank - Phardhan	0.04	–	0.86	0.25
District Co-Operative Bank - Pipariadhani	0.26	0.15	0.63	1.19
Kashi Gomti Sanyukt Gramin Bank - Azamgarh	4.04	–	70.52	3.40
Kshetriya Gramin Bank - Akbarpur	0.21	0.04	13.25	80.29
Kshetriya Gramin Bank - Dostpur	0.25	0.39	0.33	0.92
Kshetriya Gramin Bank - Mijhaura	0.30	10.48	88.50	114.99
Kshetriya Gramin Bank - Semri	0.33	0.10	7.39	3.77
Lucknow Khetriya Gramin Bank - Jarwal Kasba	1.17	0.34	1.17	6.96
Purvanchal Gramin Bank - Babhnan	65.28	0.14	475.56	221.06
Purvanchal Gramin Bank - Basti	0.08	0.06	0.08	0.47
Purvanchal Gramin Bank - Faizabad	3.58	7.35	23.74	8.22
Serve U.P Gramin Bank - Babhnan	49.78	0.14	387.82	225.42
Serve U.P Gramin Bank - Mankapur (Unit:Babhnan)	0.11	0.11	0.11	0.43
Serve U.P.Gramin Bank - Mankapur (Unit:Mankapur)	0.24	0.28	50.70	50.81
Serve UP Gramin Bank - Kurasan	0.36	–	1.05	–
Serve UP Gramin Bank, Tulsipur	95.73	0.29	756.61	191.04
Urban Co-Operative Bank - Tulsipur	0.15	0.10	12.52	8.63
Urban Co-Operative Bank - Mohammdi	0.21	0.18	32.10	12.68
Zila Sahkari Bank Ltd. - Babhnan	0.10	0.22	112.34	56.55
Zila Sahkari Bank Ltd. - Lucknow	2.68	8.61	10.95	9.29
Zila Sahkari Bank Ltd. - Parsurampur	0.58	0.90	0.60	0.94
Zila Sahkari Bank Ltd. - Sultanpur	–	0.43	0.44	22.48
ING Asia Private Bank Ltd. - Singapore	217.30	95.10	543.04	95.34
Total	**535.60**	**187.87**		

Note : None of the Directors or their relatives have any interest in any of the Non-Scheduled Banks.

13. Based on the review made as at the Balance Sheet date, MAT Credit Entitlement to the extent of ₹4016.18 lacs recognised in earlier years has been written down during the current period in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India.

However, based on future profitability projections, the Management is confident that there will be sufficient taxable profit during the specified periods which will enable the company to utilise the balance MAT Credit Entitlement of ₹5642.00 lacs including ₹3754.00 lacs recognised during the current period.

14. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as under: *(₹ in Lacs)*

Sl. No.	Particulars	As at 31st March, 2011	As at 30th September, 2009
i)	The principal amount remaining overdue for payment to suppliers as at the end of accounting period *	2.40	3.43
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting period	0.34	0.55
iii)	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 period	0.04	–
iv)	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 period) but without adding the interest specified under this Act	0.28	0.52
v)	The amount of interest accrued during the period and remaining unpaid at the end of the accounting period*	0.61	1.07
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Schedule-12.

15. Excess amount of Levy Sugar Price received to date for various Sugar Seasons as per Orders of the Hon'ble High Court ₹34.96 lacs (Previous year ₹43.15 lacs) has not been credited to the Profit & Loss Account as the matter is subjudice.

16. Disclosures in terms of Accounting Standard -29 on Provisions, Contingent Liabilities and Contingent Assets:

a) Movement for Provision for Liabilities: *(₹ in Lacs)*

Particulars	Duties & taxes	Others	Amount
Balance as at 1st October, 2009	295.99	1.03	297.02
Provided during the period	–	–	–
Amount used during the period	–	–	–
Reversed during the period*	246.23	0.45	246.68
Balance as at 31st March, 2011	49.76	0.58	50.34
Timing of outflow/uncertainties		Outflow on settlement/crystallization	

* Reversed in view of Rehabilitation Scheme sanctioned by Hon'ble BIFR

b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 2 & 16 (a) respectively are dependent upon Court decision / out of Court settlement/disposal of appeals etc.

c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl.No. 2 & 16 (a) above and in view of this no asset has been recognised in this respect.

17. Details of Adjustments relating to earlier years (Net) : *(₹ in Lacs)*

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
a) Expenses:		
i) Cost of Raw Materials Consumed	–	0.24
ii) Salaries, Wages, Bonus etc.	2.50	4.02
iii) Workmen & Staff Welfare Expenses	–	0.05
iv) Rent	–	0.40
v) Rates & Taxes	2.12	4.52
vi) Repairs - Plant & Machinery	–	1.52
vii) Repairs - Others	–	0.54
viii) Miscellaneous Expenses	0.38	4.71
Total	**5.00**	**16.00**
b) Income:		
i) Miscellaneous Income	–	0.25
Adjustments relating to earlier years (Net) (a - b)	**5.00**	**15.75**

Note : For depreciation relating to earlier years refer note under Schedule - 5

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

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

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
a) Amount used as the numerator (₹ in Lacs)		
Profit after Tax , Minority Interest and Share of Profit of Associate - (A)	**16269.16**	**20904.92**
b) Weighted average number of Equity Shares Outstanding used as the denominator for computing Basic Earnings per Share - (B)	258756052	255623126
Add : Weighted average number of Equity Shares on account of Employees Stock Option Scheme	134180	566096
c) Weighted average number of Equity Shares Outstanding used as the denominator for computing Diluted Earnings per Share - (C)	**258890232**	**256189222**
d) Nominal value of Equity Shares (₹)	**1.00**	**1.00**
e) Basic Earnings per Share (₹) (A/B)	**6.29**	**8.18**
f) Diluted Earnings per Share (₹) (A/C)	**6.28**	**8.16**

19. Excise Duty & Cess on Stock :

The amount of Excise Duty & Cess on Stock shown in Schedule - 16 represents differential Excise Duty & Cess on Opening & Closing Stock of finished goods/by products.

20. Payment to Auditors: *(₹ in Lacs)*

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
a) For Statutory Audit	20.02	17.30
b) Tax Audit & Income Tax matters	4.52	3.70
c) For Limited Review & other Audits	22.58	10.49
d) For Management Services	11.90	–
e) For Certification Work	2.11	1.36
f) Reimbursement of Expenses	2.48	1.63
Total	**63.61**	**34.48**

21. Details of Remuneration paid/payable to Directors : *(₹ in Lacs)*

Particulars	18 Months ended 31st March, 2011	Year ended 30th September, 2009
i) Salary	401.43	238.60
ii) Commission To Executive/Wholetime Directors	384.00	210.00
iii) Commission To Non-Executive Directors	25.00	20.00
iv) Contribution to Provident Fund, Gratuity and other Funds	117.10	58.15
v) Perquisites (Including monetary value of perquisites ₹16.26 lacs, previous year ₹5.39 lacs)	28.67	10.24
Total	**956.20**	**536.99**

22. Details of aggregate amount of loans outstanding which are guaranteed by the Managing Director /Joint Managing Director / Erstwhile Director: *(₹ in Lacs)*

Particulars	As at 31st March, 2011	As at 30th September, 2009
Loans from Banks (Including Non-Fund based limits Nil, previous year ₹2679.66 lacs)	–	14956.50
Loans from Others	–	15933.76
	–	**30890.26**

Note : i) During the period under review, the lenders have waived the requirement of providing personal guarantees.
ii) No Guarantee Commission has been paid to the guarantors.

23. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to ₹8288.68 lacs (Previous year ₹3722.93 lacs) allowable under the above policy have been accounted for during the period under review.

The above policy has been terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007 wherein the Government expressed its intention to introduce another policy. The Company has been legally advised that it continues to be eligible to receive

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

the incentives under the above policy. Furthermore, the Company has filed Writ Petition against withdrawal of the aforesaid policy which has been admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its Order dated 9th May, 2008, the hearing in respect of which is in progress.

24. Intangible Assets

The unamortised amount of Computer Software (Acquired) ₹4.23 lacs and ₹0.13 lacs are to be amortised equally in the next 1 year & nine months and 2 years & one month respectively.

25. 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 Profit & Loss Account are as under :

(₹ in Lacs)

Defined Contribution Plan	18 Months ended 31st March, 2011	Year ended 30th September, 2009
Employers' Contribution to Provident Fund	536.99	258.56
Employers' Contribution to Labour Welfare Fund	0.01	0.01

Defined Benefit Plan:

Long-term employee benefits in the forms 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 ₹23.93 lacs (Previous year ₹6.54 lacs) at the period end is recognised as expense for the period.

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

a) Details of funded post retirement plans are as follows :

(₹ in Lacs)

	31st March, 2011		30th September, 2009	
Particulars	**Gratuity**	**Provident Fund**	**Gratuity**	**Provident Fund**
I. Components of Employer Expense:				
1 Current Service Cost	270.61	182.72	153.82	115.39
2 Past Service Cost	–	–	–	–
3 Interest Cost	188.96	161.02	108.38	151.58
4 Expected return on Plan Assets	192.22	159.91	112.44	151.38
5 Actuarial (Gain) /Loss recognised in the period	195.17	38.46	66.91	(18.27)
6 Expense recognised in Profit & Loss Account	462.52	222.29	216.67	97.32
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the period	1691.56	1887.79	1504.48	1805.60
2 Acquisition Adjustment on merger	28.61	–	–	–
3 Interest Cost	188.96	161.02	108.38	151.58
4 Past Service Cost	–	–	–	–
5 Current Service Cost	270.61	182.72	153.82	115.39
6 Employees Contribution	–	203.35	–	130.44
7 Benefits Paid	233.75	385.63	118.87	290.49
8 Actuarial (Gain) / Loss	256.79	149.77	43.75	(24.73)
9 Present value of Defined Benefit Obligation at the end of the period	2202.78	2199.02	1691.56	1887.79

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

(₹ in Lacs)

Particulars	31st March, 2011		30th September, 2009	
	Gratuity	Provident Fund	Gratuity	Provident Fund
III. Change in Fair Value of Plan Assets during the period:				
1 Plan Assets at the beginning of the period	1601.90	1881.25	1405.54	1780.99
2 Expected return on Plan Assets	192.22	159.91	112.44	151.38
3 Actual Company Contribution	580.80	386.07	225.95	245.83
4 Benefits paid	233.75	385.63	118.87	290.49
5 Actuarial Gain / (Loss)	61.61	111.32	(23.16)	(6.46)
6 Plan Assets at the end of the period	2202.78	2152.92	1601.90	1881.25
IV. Net Asset / (Liability) recognised in the Balance Sheet as at period end:				
1 Present value of Defined Benefit Obligation	2202.78	2199.02	1691.56	1887.79
2 Fair value of Plan Assets	2202.78	2152.92	1601.90	1881.25
3 Funded Status [Surplus/(Deficit)]	–	(46.10)	(89.66)	(6.54)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(46.10)	(89.66)	(6.54)
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	8.00	9.50	7.50	8.50
2 Expected return on Plan Assets (per annum) %	8.00	8.50	8.00	8.50
3 Expected Rate of Salary increase %	5.00	5.00	5.00	5.00
4 Retirement/Superannuation Age (Year)	60.00	60.00	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at period end :				
1 Administered by Insurance Companies	68%	–	54%	–
2 Public Financial Institutions / Public Sector Companies	13%	51%	21%	52%
3 Central / State Government Securities	18%	49%	23%	48%
4 Bank Deposits	–	–	1%	–
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	275.00	194.13	248.50	122.31

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.

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	31st March, 2011	30th September, 2009	31st March, 2011	30th September, 2009
I. Components of Employer Expense:				
1 Current Service Cost	1.16	8.10	60.36	12.97
2 Past Service Cost	–	–	–	–
3 Interest Cost	–	0.95	17.90	10.93
4 Expected return on Plan Assets	–	–	–	–
5 Actuarial (Gain) /Loss recognised in the period	–	3.60	2.45	26.49
6 Expense recognised in Profit & Loss Account	1.16	12.65	80.71	50.39

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

(₹ *in Lacs*)

Particulars	Gratuity (Unfunded) 31st March, 2011	Gratuity (Unfunded) 30th September, 2009	Leave Encashment (Unfunded) 31st March, 2011	Leave Encashment (Unfunded) 30th September, 2009
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the period	–	12.72	173.26	163.85
2 Interest Cost	–	0.95	17.90	10.93
3 Past Service Cost	–	–	–	–
4 Current Service Cost	–	8.10	58.13	12.97
5 Benefits Paid	–	0.17	48.33	36.28
6 Actuarial (Gain) / Loss	–	3.60	2.45	26.49
7 Present value of Defined Benefit Obligation at the end of the period	–	25.20	203.42	177.96
III. Net Asset / (Liability) recognised in the Balance Sheet as at period end:				
1 Present value of Defined Benefit Obligation	–	25.20	203.42	177.96
2 Fair value of Plan Assets	–	–	–	–
3 Funded Status [Surplus/(Deficit)]	–	(25.20)	(203.42)	(177.96)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(25.20)	(203.42)	(177.96)
IV. Actuarial Assumptions :				
1 Discount Rate (per annum) %	–	7.50	8.00	7.50
2 Expected return on Plan Assets (per annum) %	–	–	–	–
3 Expected Rate of Salary increase %	–	5.00	5.00	5.00
4 Retirement/Superannuation Age (Year)	–	60.00	60.00	60.00
5 Mortality Rates	–	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
V. Expected Employer's Contribution for the next year :				
Expected Employer's Contribution for the next year	–	190.60	37.00	190.60

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 Fund, Gratuity and Other Funds" and Leave Encashment under "Salaries, Wages, Bonus etc." under Schedule - 18.

iii) The amount of the Present value of Obligations, fair value of Plan Assets, Surplus/Deficit in the plan and experience adjustment arising on Plan Liabilities and Plan Assets for the previous two annual periods are not available and therefore, not disclosed.

26. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company has identified four primary business segments viz. Sugar, Distillery, Co-generation and Others. 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".

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

c) Information about Primary Business Segments:

(₹ *in Lacs*)

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Gross Sales	**277224.90**	**16601.88**	**43260.06**	**379.82**	**–**	**337466.66**
	(162778.41)	(13541.67)	(18255.21)	(254.69)	(–)	(194829.98)
Less : Inter Segment Sales	**17263.47**	**7.87**	**13867.13**	**6.38**	**–**	**31144.85**
	(7002.18)	(4.06)	(5777.49)	(0.19)	(–)	(12783.92)
External Sales	**259961.43**	**16594.01**	**29392.93**	**373.44**	**–**	**306321.81**
	(155776.23)	(13537.61)	(12477.72)	(254.50)	(–)	(182046.06)
Less : Excise Duty & Cess on	**8458.22**	**624.62**	**–**	**–**	**–**	**9082.84**
External Sales	(6882.24)	(454.83)	(–)	(–)	(–)	(7337.07)
Net Sales	**251503.21**	**15969.39**	**29392.93**	**373.44**	**–**	**297238.97**
	(148893.99)	(13082.78)	(12477.72)	(254.50)	(–)	(174708.99)
Add : Allocable Other Income	**756.97**	**34.94**	**236.28**	**4.96**	**–**	**1033.15**
	(534.33)	(33.77)	(82.48)	(1.75)	(–)	(652.33)
Total Revenue	**252260.18**	**16004.33**	**29629.21**	**378.40**	**–**	**298272.12**
	(149428.32)	(13116.55)	(12560.20)	(256.25)	(–)	(175361.32)
Result						
Segment Result	**17569.54**	**4465.96**	**18416.73**	**(56.42)**	**–**	**40395.81**
	(24589.49)	(4992.23)	(8033.54)	(-) (77.39)	(–)	(37537.87)
Less:						
Unallocable Expenditure					**4128.82**	**4128.82**
net of Unallocble Income					(3598.60)	(3598.60)
Interest & Other Financial Charges					**13839.67**	**13839.67**
					(10682.34)	(10682.34)
Profit Before Tax						**22427.32**
						(23256.93)
Tax						
Current Tax						**3804.00**
(Including Wealth Tax)						(3449.00)
Fringe Benefit Tax						–
						(28.20)
Deferred Tax						**2097.00**
						(6128.43)
MAT Credit Write Down/						**262.18**
(Entitlement)						(–) (5904.18)
Income Tax Provision for earlier						**(3.80)**
years written back						(–) (1391.09)
Profit After Tax						**16267.94**
						(20946.57)
Other Information						
Segment Assets	**272128.15**	**18510.36**	**58653.11**	**1456.34**	**36605.01**	**387352.97**
	(164070.20)	(16044.52)	(55017.38)	(1322.19)	(28941.40)	(265395.69)
Segment Liabilities	**18638.48**	**2697.42**	**230.80**	**136.84**	**35736.43**	**57439.97**
	(11457.37)	(2208.20)	(246.77)	(27.89)	(39016.21)	(52956.44)
Capital Expenditure	**2691.50**	**33.02**	**3001.17**	**0.14**	**324.66**	**6050.49**
	(808.24)	(10.51)	(241.01)	(19.82)	(86.85)	(1166.43)
Depreciation & Amortisation	**10269.87**	**1237.20**	**5503.48**	**201.35**	**100.25**	**17312.15**
	(6623.70)	(825.50)	(3635.90)	(69.19)	(442.56)	(11596.85)
Non cash expenses other than	**1716.39**	**60.68**	**743.86**	**189.39**	**624.99**	**3335.31**
Depreciation & Amortisation	(828.50)	(6.65)	(1.06)	(–)	(1054.69)	(1890.90)

Notes :

1) Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.
2) Unallocable expenses are net of unallocable income ₹1567.90 lacs (Previous year ₹167.86 lacs).
3) Inter Segment Sales include Excise Duty & Cess ₹976.32 lacs (Previous year ₹586.72 lacs).
4) Figures in brackets pertain to previous year.

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

d) Information about Secondary Geographical Segments :

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

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

27. Related party disclosures as per Accounting Standard - 18 are given below:

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

i) Associates : (Where the Company exercises significant influence) — VA Friendship Solar Park Private Limited

ii) Key Managerial Personnel (KMP):
- Mr. Vivek Saraogi - Managing Director
- Mrs. Meenakshi Saraogi - Joint Managing Director
- Mr. K.N. Ranasaria - Whole-time Director (upto 11.05.2009)
- Mr. Kishor Shah - Director-cum-Chief Financial Officer
- Dr. Arvind Krishna Saxena - Whole-time Director (from 01.08.2008)

iii) Relatives of Key Managerial Personnel :

Mr. Vivek Saraogi
1. Mr. K.N.Saraogi (Father) - Chairman Emeritus
2. Mrs. Meenakshi Saraogi (Mother)
3. Mrs. Sumedha Saraogi (Wife)
4. Mr. Karan Saraogi (Son)
5. Miss Avantika Saraogi (Daughter)
6. Mrs. Stuti Dhanuka (Sister)

Mrs. Meenakshi Saraogi
1. Mr. K.N. Saraogi (Husband)
2. Mr. Vivek Saraogi (Son)
3. Mrs. Stuti Dhanuka (Daughter)
4. Mrs. Sumedha Saraogi (Daughter-in-Law)
5. Mr. Karan Saraogi (Grand-Son)
6. Miss Avantika Saraogi (Grand-Daughter)

iv) Enterprises in which KMP and their relatives have substantial interest :
1. Meenakshi Mercantiles Ltd.
2. Udaipur Cotton Mills Co. Ltd.
3. Kamal Nayan Saraogi (HUF)
4. Vivek Saraogi (HUF)
5. Kishor Shah (HUF)

b) Transactions with Related parties :

(₹ in Lacs)

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Investments made during the period in					
VA Friendship Solar Park Pvt. Ltd.	**225.01**	**–**	**–**	**–**	**225.01**
	(–)	(–)	(–)	(–)	(–)
ii) Investments sold during the period to					
Meenakshi Mercantiles Ltd.	–	–	–	–	–
	(–)	(45.81)	(–)	(–)	(45.81)
Udaipur Cotton Mills Co. Ltd.	–	–	–	–	–
	(–)	(15.63)	(–)	(–)	(15.63)

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

(₹ in Lacs)

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iii) Receiving of Services					
Mrs. Meenakshi Saraogi	**–**	**–**	**374.55**	**–**	**374.55**
	(–)	(–)	(215.92)	(–)	(215.92)
Mr. Vivek Saraogi	**–**	**–**	**350.85**	**–**	**350.85**
	(–)	(–)	(198.25)	(–)	(198.25)
Mr. K.N.Ranasaria	–	–	–	–	–
	(–)	(–)	(24.93)	(–)	(24.93)
Mr. Kishor Shah	**–**	**–**	**117.84**	**–**	**117.84**
	(–)	(–)	(66.84)	(–)	(66.84)
Dr. Arvind Krishna Saxena	**–**	**–**	**18.64**	**–**	**18.64**
	(–)	(–)	(11.06)	(–)	(11.06)
iv) Dividend Paid to Shareholders					
Mr. K.N.Saraogi	**–**	**–**	**–**	**809.35**	**809.35**
	(–)	(–)	(–)	(134.89)	(134.89)
Mrs. Meenakshi Saraogi	**–**	**–**	**415.33**	**–**	**415.33**
	(–)	(–)	(69.22)	(–)	(69.22)
Mr. Vivek Saraogi	**–**	**–**	**262.68**	**–**	**262.68**
	(–)	(–)	(43.78)	(–)	(43.78)
Mr. K.N.Ranasaria	–	–	–	–	–
	(–)	(–)	(0.96)	(–)	(0.96)
Mr. Kishor Shah	**–**	**–**	**1.22**	**–**	**1.22**
	(–)	(–)	(0.03)	(–)	(0.03)
Dr. Arvind Krishna Saxena	**–**	**–**	**0.60**	**–**	**0.60**
	(–)	(–)	(–)	(–)	(–)
Mrs. Sumedha Saraogi	**–**	**–**	**–**	**293.97**	**293.97**
	(–)	(–)	(–)	(49.00)	(49.00)
Mr. Karan Saraogi	**–**	**–**	**–**	**118.40**	**118.40**
	(–)	(–)	(–)	(19.73)	(19.73)
Miss Avantika Saraogi	**–**	**–**	**–**	**112.40**	**112.40**
	(–)	(–)	(–)	(18.73)	(18.73)
Mrs. Stuti Dhanuka	**–**	**–**	**–**	**150.36**	**150.36**
	(–)	(–)	(–)	(25.06)	(25.06)
Meenakshi Mercantiles Ltd.	**–**	**224.28**	**–**	**–**	**224.28**
	(–)	(32.80)	(–)	(–)	(32.80)
Udaipur Cotton Mills Co. Ltd.	**–**	**196.79**	**–**	**–**	**196.79**
	(–)	(37.38)	(–)	(–)	(37.38)
Kamal Nayan Saraogi (HUF)	**–**	**235.87**	**–**	**–**	**235.87**
	(–)	(39.31)	(–)	(–)	(39.31)
Vivek Saraogi (HUF)	**–**	**5.10**	**–**	**–**	**5.10**
	(–)	(0.85)	(–)	(–)	(0.85)
Kishor Shah (HUF)	**–**	**0.15**	**–**	**–**	**0.15**
	(–)	(–)	(–)	(–)	(–)
v) Employees Stock Options #					
Mr. Kishor Shah	**–**	**–**	**18.00**	**–**	**18.00**
	(–)	(–)	(–)	(–)	(–)
Dr. Arvind Krishna Saxena	**–**	**–**	**13.50**	**–**	**13.50**
	(–)	(–)	(–)	(–)	(–)

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

(₹ *in Lacs)*

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
vi) Balance Outstanding					
a) Accounts payable					
Mrs. Meenakshi Saraogi	**–**	**–**	**165.00**	**–**	**165.00**
	(–)	(–)	(90.00)	(–)	(90.00)
Mr. Vivek Saraogi	**–**	**–**	**165.00**	**–**	**165.00**
	(–)	(–)	(90.00)	(–)	(90.00)
Mr.Kishor Shah	**–**	**–**	**54.00**	**–**	**54.00**
	(–)	(–)	(30.00)	(–)	(30.00)
b) Amount outstanding against Guarantees provided by					
Mr. K.N.Saraogi	–	–	–	–	–
	(–)	(–)	(–)	(15933.76)	(15933.76)
Mrs. Meenakshi Saraogi	–	–	–	–	–
	(–)	(–)	(15933.76)	(–)	(15933.76)
Mr. Vivek Saraogi	–	–	–	–	–
	(–)	(–)	(30890.26)	(–)	(30890.26)

\# Excluding monetary value of perquisites

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

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

e) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

f) Figures in brackets pertain to previous year.

28 Other notes in respect of a Subsidiary Company (Indo Gulf Industries Limited) :

i) a) The Government of Uttar Pradesh has initiated recovery proceedings for recovery of Sales Tax dues related to Explosive unit at Jhansi, pursuant to which, the factory at Jhansi has been seized by the Government authorities. All the assets located at factory including records there at remain seized till the year end. Out of the above assets, certain assets pertaining to the said unit have been auctioned by the office of the Labour Commissioner, Jhansi, against which a sum of ₹8.03 lacs is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.

b) The Company's net worth has been fully eroded as the accumulated losses of ₹559.10 lacs exceeded its shareholders' holder fund of ₹95.67 lacs. It was felt that the status of the company will improve in the following years. Further the holding Company has provided the necessary funds for the operation. Accordingly, the Company has considered that it will be able to continue as a going concern entity.

ii) a) Deferred Sales Tax Liabilities are under reconciliation. Necessary adjustment, if any, will be made after reconciliation.

b) The installments for payment of Deferred Sales Tax converted into unsecured loan by Sales Tax department are overdue. The same has not been paid and interest thereon, if any, has not been provided in the accounts, as the quantum thereof is not ascertainable.

iii) Balances shown under Sundry Creditors and advances are subject to confirmation and reconciliation with the parties.

iv) Lease Deed for 50 Acre 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.

v) Pending final settlement, Interest on statutory liabilities outstanding for a long period has not been provided, as the quantum thereof is not ascertainable.

vi) 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.

23 NOTES ON CONSOLIDATED ACCOUNTS (Contd...)

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

b) In consideration for the transfer and vesting of the Demerged Undertaking, the scheme provides for payment of ₹75.00 lacs in cash and issue of Equity Shares worth ₹85.15 lacs (including share premium) of the Company in the ratio of 1 Equity Share of ₹1/- each fully paid up for every 100 Equity Shares of ₹1/- in IGIL. However, Equity Shares worth ₹45.95 lacs have not been issued in view of Company's holding of 53.96% in IGIL and thus Equity Shares amounting to ₹39.20 lacs (including premium) have been issued to the share holders of IGIL.

c) The aforesaid scheme of arrangement has become effective on filing the certified copy of the order dated 24.06.2010 passed by Hon'ble BIFR with the Registrar of Companies, Delhi and also with the Registrar of Companies, West Bengal both on 21.07.2010. Therefore, the effect of the aforesaid scheme has been given in current period including restructuring of certain assets and liabilities as per the said scheme.

30. With effect from the Current accounting period, the Group has changed its financial year ending from 30th September to 31st March pursuant to the approval of the Statutory authorities. Accordingly, the current financial period is for eighteen months i.e. from 1st October, 2009 to 31st March 2011.

31. 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 period financial statements and are to be read in relation to the amounts and other disclosures relating to the current period.

Signatories to all foregoing Schedules '1' to '23' forming part of the Accounts.

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

(CA. Sunita Kedia	**S. K. Agrawala**	**Kishor Shah**	**Vivek Saraogi**
Membership No. 60162)	*Secretary*	*Director cum Chief Financial Officer*	*Managing Director*

Partner
7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
13th May, 2011.

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*

S.B. Budhiraja, *Director*

R. Vasudevan (IAS Retd.), *Director*

Kishor Shah,
Director cum Chief Financial Officer

Dr. Arvind Krishna Saxena,
Whole-time Director

Secretary
S.K. Agrawala

Board Committees
Audit Committee:

S.B. Budhiraja, *Chairman*

R.K. Choudhury, *Vice Chairman*

Vivek Saraogi

R. Vasudevan

Shareholders'/Investors' Grievance Committee:

R.K. Choudhury, *Chairman*

Vivek Saraogi

S.B. Budhiraja

Remuneration Committee:

Naresh Chandra, *Chairman*

R.K. Choudhury

S.B. Budhiraja

R. Vasudevan

Share Transfer Committee:

Vivek Saraogi

Meenakshi Saraogi

R.K. Choudhury

Kishor Shah

Solicitors and Advocates
Khaitan & Co.
1B, Old Post Office Street,
Kolkata 700 001

Bankers
State Bank of India

HDFC Bank Ltd.

Auditors
G.P. Agrawal & Co.
Chartered Accountants

Registered office
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road,
Kolkata 700020

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

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

Unit 3: Tulsipur
Dist: Balrampur, Uttar Pradesh

Unit 4: Haidergarh
(Including Co-generation unit)
Dist: Barabanki, Uttar Pradesh

Unit 5: Akbarpur
(Including Co-generation unit)
Dist: Ambedkar Nagar, Uttar Pradesh

Unit 6: Rauzagaon
(Including Co-generation unit)
Dist: Faizabad, Uttar Pradesh

Unit 7: Mankapur
(Including Distillery, Organic Manure and Co-generation units)
Dist: Gonda, Uttar Pradesh

Unit 8: Kumbhi
(Including Co-generation unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 9: Gularia
(Including Co-generation unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 10: Maizapur
Dist: Gonda, Uttar Pradesh

A TRISYS PRODUCT
info@trisyscom.com

Balrampur Chini Mills Limited

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Website: www.chini.com