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CORPORATE STATEMENT 1996-97

BALRAMPUR CHINI MILLS LIMITED

CONTENTS

Introduction	1
Industry Overview	2
The Future	4
Business Analysis	6
Key Financial Ratios	10
Analysis of Financial Ratios	11
Three-year summary	13
Shareholders' Information	14
Social Responsibility	16
Directors' Report	17
Annexure to Directors' Report	21
Auditor's Report	24
Annexure to Auditor's Report	25
Balance Sheet	27
Profit and Loss Account	28
Schedules	29-45
Cash Flow Statement	46



BALRAMPUR CHINI MILLS LIMITED

'FMC Fortuna', 2nd floor

234/3A, A.J.C. Bose Road, Calcutta - 700 020

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Shareholders of Balrampur Chini Mills Limited will be held on Wednesday, the 27th day of August, 1997 at 11.00 a.m. at **VIDYA MANDIR**, I, Moira Street, Calcutta - 700 017 to transact the following business :

Ordinary Business :

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity shares.
3. To elect Directors in place of Shri Sudhir Jalan and Shri R. N. Mishra who retire by rotation and being eligible offer themselves for re-election.
4. To appoint Auditors and to fix their remuneration.

Special Business :

To consider and if thought fit, to pass, with or without modification (s) the following resolutions as **ORDINARY RESOLUTIONS** :

5. Resolved that the Consent of the Company be and is hereby accorded in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of the following namely :-
 - i) Industrial Development Bank of India (IDBI)
 - ii) State Bank of India (SBI)
to secure
 - a) i) Rupee Term Loan not exceeding 1,500 lacs (Rupees One thousand five hundred lacs only) lent and advanced by IDBI ; AND
 - ii) Working capital facilities to the extent of Rs. 10,703 lacs (Rupees Ten thousand seven hundred three lacs only) lent and advanced /agreed to be lent and advanced by SBI;
 - b) together with interest thereon at the respective rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, cost, charges, expenses and other monies payable by the Company to IDBI and SBI under the Loan Agreements/ Letter of Sanction entered into /to be entered into by the Company in respect of the said Term Loan /Working Capital Facilities.

Resolved Further that the act of the Board of Directors of the Company in mortgaging and/or charging of all the immoveable and moveable properties of the Company in favour of IDBI and SBI be and is hereby approved/ratified.

6. Resolved that consent of the Company be and is hereby accorded under section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the company for mortgaging and/or charging by the Board of Directors of the Company in favour of State Bank of India, by way of third residual charge on all the moveable and immoveable properties of the Company both present and future and the whole of the undertaking of the Company or such of them as may be agreed to between the Board and State Bank of India to secure :
- Advances allowed or to be allowed by the State Bank of India to the Company from time to time upto maximum of Rs. 300 Crores (Rupees Three Hundred Crores) only and
 - Interest at the agreed rates, compound, additional, cost and other charges and expenses payable by the Company to the State Bank of India as may be stipulated by the said Bank or as per the terms of the Cash Credit limit sanctioned or to be sanctioned by the Bank to the Company.

Further resolved that the Board of Directors of the Company be and is hereby authorised to finalise with State Bank of India the documents for creating the aforesaid mortgage and /or charge as and when required and to do all such acts and things as may be necessary for giving effect to the above Resolution.

7. Resolved that the Consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company ("The Board") of such of the immovable and movable properties of the Company wheresoever situate, present and future, as may be required and agreed by the Board to or in favour of State Bank of India (SBI) to secure finance by way of External Commercial Borrowing (ECB) of US\$ 2.5 Million (U. S. Dollar Two and half Million) lent and advanced/agreed to be lent and advanced by SBI to the Company together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premium on prepayment, costs, charges, expenses and all other monies payable by the Company to SBI under the Loan Agreement/Letter of Sanction entered into by the Company in respect of the said ECB.
8. Resolved that pursuant to the provisions of Sections 198, 269, 309 & Schedule-XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to all such approvals as may be required, the approval of the Members be and is hereby accorded to the re-appointment of Smt. Meenakshi Saraogi, as Joint Managing Director of the Company for a period of 5 years effective from 1st October, 1997 on the terms and conditions including remuneration as set out in the explanatory statement annexed hereto and also the draft agreement submitted to this meeting, with liberty to the Board of Directors ("The Board") to alter, vary, modify the terms and conditions, referred to above, in such manner as may from time to time be stipulated by the Central Government or to be in consonance with the applicable provisions of law and as may be agreed to by and between the Board and Smt. Meenakshi Saraogi.

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

9. "Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such approvals as may be required, the approval of the Members be and is hereby accorded to the payment of enhanced remuneration and perquisites to Shri Vivek Saraogi, Managing Director with effect from

PROXY FROM

I/We
 of being a member/members of BALRAMPUR
 CHINI MILLS LIMITED hereby appoint Shri of
 or failing him Shri of
 or failing him Shri of
 as my/our Proxy to attend and to vote for me/us on my/our
 behalf at the 22nd Annual General Meeting of the Company to be held on Wednesday, the
 27th August, 1997 at 11.00 a.m. and/or at any adjournment thereof.

Signed this day of 1997

Signature

Affix
Revenue
Stamp

No. of Shares

Folio No.

Note : The Proxy must be returned so as to reach the registered Office of the Company at
 'FMC FORTUNA, 234/3A, Acharya Jagdish Chandra Bose Road, Calcutta 700 020
 not less than FORTYEIGHT HOURS before the time for holding the aforesaid meeting.

BALRAMPUR CHINI MILLS LIMITED
FMC FORTUNA, 2nd Floor,
234/3A, A.J.C. Bose Road, Calcutta - 700 020

ATTENDANCE SLIP

(Please present this slip at the Entrance of the Meeting Hall)

I hereby record my presence at the 22nd Annual General Meeting held at VIDYA MANDIR,
 1, Moira Street, Calcutta - 700 017 on Wednesday, the 27th August, 1997 at 11.00 A.M.

To be signed at the time of handing over the Slip at the Meeting Hall.

 (Signature of Member/Proxy)
 Name & Regd. Folio of Shareholder

No. of Shares



1st October 1997, till the completion of the existing term i.e 31st March 2001 as per terms and conditions as set out in the explanatory statement and also the draft Supplemental Agreement proposed to be entered into by the Company with Shri Vivek Saraogi and that the said draft Supplemental Agreement be and is hereby specifically sanctioned and approved with liberty to the Board of Directors ("The Board") to alter and vary the terms and conditions of the appointment in consonance with the aforesaid Schedule XIII or any modification thereto, as may be agreed to by between the Board and Shri Vivek Saraogi.

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

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

Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered by inserting a new Article 44A after the existing Article 44 of the Articles of the Association.

44A. Notwithstanding anything contained in these Articles, as and when the Company gets its shares or other securities admitted as an eligible security in the Depository System in accordance with the provisions of the Depositories Act, 1996, the prevailing Rules, Regulations & Bye Laws of the Depository and other applicable laws, if any, the said shares and securities of the Company shall be held in fungible form and the same shall be governed by the provisions of Depositories Act, 1996 as amended from time to time or any Rules framed thereunder.

Securities
in fungible
form.

Calcutta,
Dated the 15th July, 1997

By Order of the Board
S. K. AGRAWALA
Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 13th August 1997 to 27th August 1997 (both days inclusive)
3. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1992-93 have been transferred by the Company to the General Revenue Account of the Central Government. All shareholders who have either not received or have not encashed the dividend Warrants for the financial years 1993-94, 1994-95 & 1995-96 are requested to write to the Company's Secretarial Department mentioning the relevant Folio No(s) for issuance of duplicate Warrant (s).
4. Those shareholders who have not yet surrendered their Share Certificates of Babhnan Sugar Mills Ltd., are once again reminded to do so directly to Company's Secretarial Department to enable despatch of the Exchange Share Certificate(s) of the Company to them.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

The Company has availed additional financial assistance of Rs. 1500 lacs in the form of Term Loan from Industrial Development Bank of India (IDBI) to meet the additional cost of Modernisation cum Expansion for increasing the crushing capacity of Balrampur and Babhnar sugar factories and in the form of working capital facilities to the extent of Rs. 10703 Lacs from State Bank of India (SBI).

The Company has created mortgage on all the immovable and movable properties of the Company, present and future in favour of IDBI and SBI for securing the aforesaid Loans.

Under the provisions of Section 293 (1) (a) of the Companies Act, 1956 the creation of such mortgage /charge requires approval by the Company in General Meeting by an ordinary resolution. Hence the resolution is proposed.

None of the Directors of the Company is interested in this Resolution except Mr. A. K. De who is a Director nominated by IDBI.

ITEM NO. 6

State Bank of India has advanced and sanctioned to the Company Cash Credit and other advances for working Capital. Such advances may be required to be increased from time to time depending on the Company's needs subject to maximum of Rs. 300 Crores (Rupees Three hundred Crores) Only.

One of the terms and conditions which has been stipulated by the State Bank of India in connection with the advances granted/to be granted to the Company is that all the moveable and immoveable properties of the Company both present and future or such of them as may be agreed to between the Board and State Bank of India, shall be mortgaged/charged in favour of the said bank by way of third residual charge.

Under the provisions of Section 293 (1) (a) of the Companies Act, 1956 the creation of such mortgage/charge requires approval by the Company in General Meeting by an Ordinary Resolution. Hence the resolution is proposed

None of the Directors of the Company is interested in this Resolution.

ITEM NO. 7

The Company had approached the State Bank of India (SBI) for raising finance by way of External Commercial Borrowing (ECB) for acquiring balancing equipments to improve the Plant efficiency of the Company's Sugar factory at Babhnar and also to finance cost of 50 Trucks for fast movement of Sugarcane from outside centres to Balrampur factory. SBI. Tokyo Branch have sanctioned to the Company of US\$ 2.5 Million for the said purpose.

Since the mortgaging by the Company of its immovable and movable properties requires the approval by the company in General Meeting by an ordinary resolution, hence the resolution in proposed.

None of the Directors of the Company is interested in this Resolution.

ITEM NO. 8

The Board of Directors of the Company at its meeting held on 15.7.1997 have decided to reappoint Smt. Meenakshi Saraogi as Joint Managing Director of the Company for a period of 5 Years effective from 1st October, 1997 on the following terms and conditions and in the manner and to the extent as set out in the draft Agreement referred to in the resolution at item No. 8 of the Notice.

A. Remuneration

- | | |
|---|--|
| a) Salary | — Rs. 75,000 (Rupees Seventy Five Thousand) Per Month. |
| b) Commission | — 1% of the net profit of the Company subject to a ceiling of Rs. 9,00,000 per annum. |
| c) Perquisites/Amenities: | |
| i) Housing | — Free accommodation subject to deduction of 10% of the salary. |
| ii) Medical Reimbursement | — Reimbursement of actual medical expenses in India and/or abroad and including hospitalisation, nursing home and surgical charges for herself and family |
| iii) Leave Travel Concession: | — Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of herself and family to any destination in India or abroad. |
| iv) Leave | — One month leave for eleven month's service. |
| v) Personal accident Insurance | — Premium upto Rs. 15,000/- per annum |
| vi) Club Fee | — Reimbursement of membership fee for clubs in India or abroad including admission and life membership fees. |
| vii) Gas, Electricity, Water & Furnishing | — Subject to a ceiling of 15% of the Salary. |
| viii) Provident Fund | — As per Company's Rule |
| ix) Gratuity | — 1/2 month's salary for each completed year of service. |
| x) Car | — Company's Car with driver for official use |
| xi) Telephone | — Telephone facility at the residence, Personal long distance call shall be paid to the Company. |

Explanation

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

B. Overall remuneration

The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed from time to time under section, 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII, Part II Section -I of the Said Act.

In the event of absence or inadequacy of profit during the period Smt. Meenakshi Saraogi shall be paid the above remuneration as minimum remuneration subject to the limit prescribed under Section II, Part II of Schedule-XIII to the Companies Act.

The draft Agreement referred to the above resolution will be available for inspection to any member at the registered office of the Company between 11 A. M. to 1.00 P. M. on any working day and also at the Annual General Meeting.

Smt. Meenakshi Saraogi had joined as a Director of the Company in the year 1981 and she was appointed as Jt. Managing Director in the year 1982. The Company has made substantial progress due to her efforts. The remuneration proposed to be paid to Smt. Meenakshi Saraogi is justified having regard to the nature of Service required from her and the responsibility which she is called upon to bear as Joint Managing Director of the Company. The Board recommends acceptance of the Resolution.

Smt. Meenakshi Saraogi is interested in this item of business. Shri Kamal Nayan Saraogi, and Shri Vivek Saraogi, being relatives of Smt. Meenakshi Saraogi, may also be deemed to be interested in the said Resolution.

The above may be regarded as an abstract of the terms of appointment and Memorandum of concern or Interest pursuant to Section 302 of the Companies Act, 1956

ITEM NO. 9

The Board of Directors of the Company at its meeting held on 15.7.1997 considered it desirable to enhance the remuneration and perquisites of Shri Vivek Saraogi, Managing Director within the limit specified in Schedule XIII to the Companies Act, 1956 and to enter into Supplemental Agreement with Shri Vivek Saraogi. The terms of revised remuneration and perquisites effective from 1st October 1997 till the completion of the existing term i.e. 31st March, 2001 as set out in the draft Supplemental Agreement are as under :-

A. Remuneration

- | | |
|---------------|---|
| a) Salary | — Rs. 75,000 (Rupees Seventy five Thousand) per month. |
| b) Commission | — 1% of the net profit of the Company subject to a ceiling of Rs. 9,00,000 per annum. |