



Chini Limited Corporate Statement 1998-99

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We reduced our costs - interest, for instance, dropped from Rs 28.66 cr in 1997-98 to Rs 24.77 cr in 1998-99 partly through intelligent debt swap and cheaper sourcing

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We continued to sell our sugar in markets where our better quality could translate into a stronger realisation

yield

Our recovery of 9.54 per cent for 1998-99 was higher than the East UP average recovery

standards

We continued to produce sugar of first-rate quality

realisations

Our value-addition strategy successfully raised our realisations over the average freesale price in the market

strategy

Our marketing strategy was increasingly oriented towards direct institutional sales

strong maintenance

We continued to invest aggressively in our plant and machinery so that we could produce sugar with the lowest downtime in the industry translating into a better-than-average utilisation of our capacities

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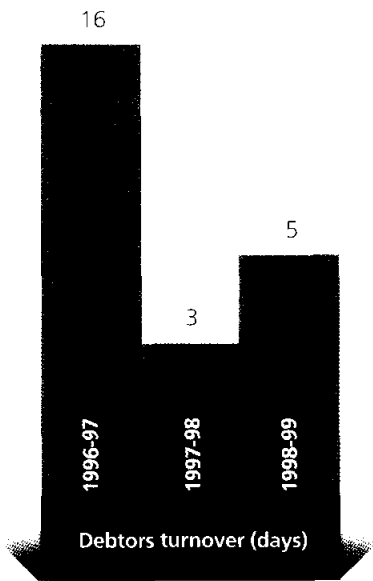
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the
cause



Intrinsic profitability

Balrampur has increased its profitability over the last three years due to cost cutting and an increase in the value-added segment of its business.



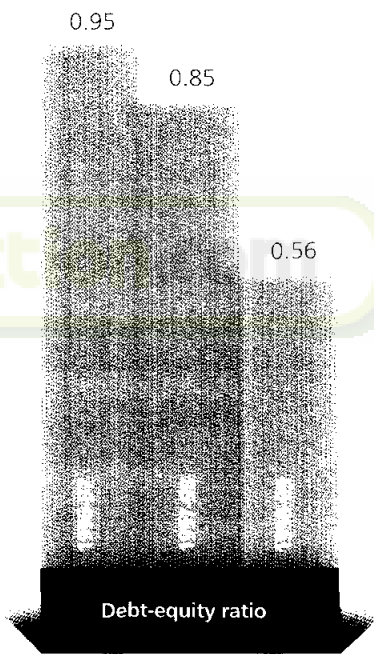
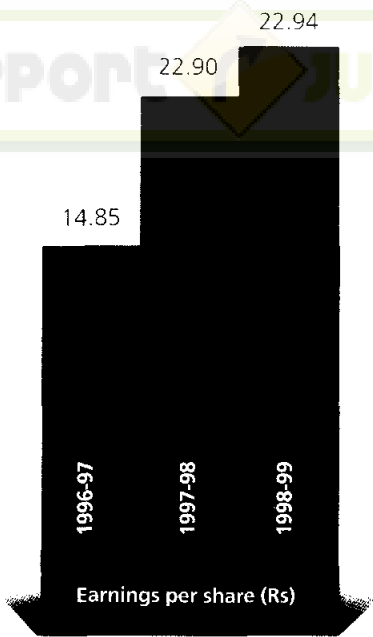
Stronger cash management

The company has successfully reduced its debtors cycle over the last few years, resulting in a stronger flow of cash within its financial system.

the effect

Stronger shareholder value

Earnings per share has risen each in the last three years emphasising the growing value for shareholders

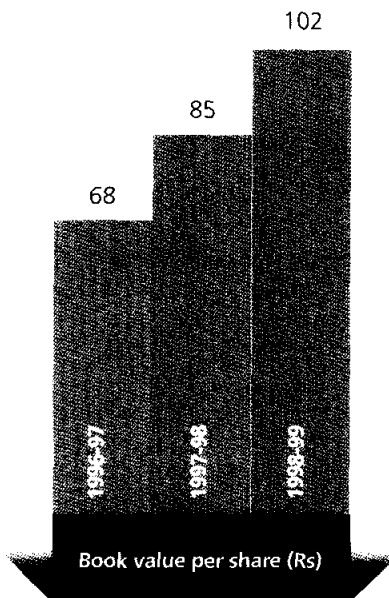


Lower leverage

Over the years, Balrampur has successfully reduced its debt exposure even while continuing to expand without taking recourse to equity-funded growth

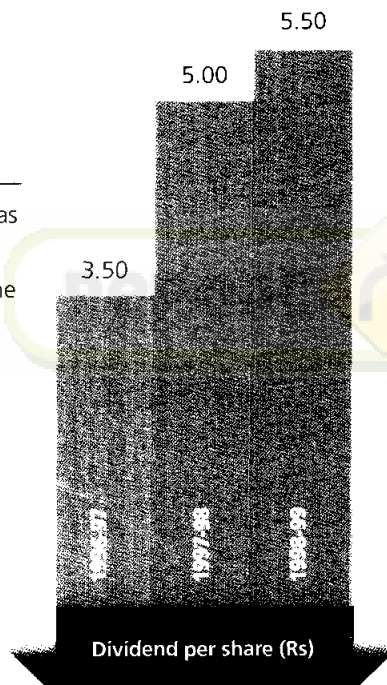
Increase in own funds

The book value per share has risen 50 per cent over the last two years even while the industry passed through trying times



Attractive payout

The company has increased its dividend over the last two years despite profits having been almost flat



Key financial ratios

Financial Performance

	1996-97	1997-98	1998-99
Other income / total turnover %	1.19	1.71	0.89
Raw material costs / sales %	70.72	66.59	57.69
Overheads / total turnover %	16.44	15.30	15.27
Interest / total turnover %	8.71	8.90	8.33
PBIDT / Total turnover %	23.34	27.10	28.44
PBDT / total turnover %	14.63	18.20	20.11
Net profit / total turnover %	9.70	13.34	14.48
Cash profit / total turnover %	13.19	17.36	19.10
ROCE (PBIDT / Average capital employed) %	19.25	24.89	21.46
Capital output ratio (turnover / average capital employed) %	82.47	91.87	75.46

Balance sheet ratios

Debt equity ratio	0.95	0.85	0.56
Debtors turnover (days)	16	3	5
Inventory turnover (days)	178	195	239
Current ratio	1.19	1.56	1.43
Quick ratio	0.38	0.24	0.27
Assets turnover (total revenue / total assets)	0.64	0.76	0.65

Growth ratios

Growth in turnover %	27.00	32.41	(7.74)
Growth in PBDIT %	58.50	53.71	(3.17)
Growth in PAT %	20.84	82.03	0.19
Growth in cash profit %	27.48	74.23	1.49

Per share data

EPS (Rs.)	14.85	22.90	22.94
CEPS (Rs.)	20.20	29.81	30.26
Dividend (Rs.)	3.50	5.00	5.50
Book value (Rs.)	68.00	85.00	102.00
Dividend payout %	25.94	24.02	26.61
Price/ earnings (31 March)	4.92	5.03	3.79
Net indebtedness (Rs.)	64.14	72.31	57.34

The 1996-97 data is on an annualised basis and after considering a 150% increase in equity capital due to bonus shares issued during the year.

Balrampur Chini Mills is one of the premier sugar manufacturing companies of India. It has also emerged as one of the fastest growing company : from an asset base of Rs 3.57 cr in 1980-81 to an asset base of Rs 289.88 cr in 1998-99.

The company has two plants - at Balrampur and Babhnan in East Uttar Pradesh - with an aggregate crushing capacity of 15,500 tonnes per day. On the completion of proposed merger of Tulsipur Sugar into Balrampur with effect from 1 April 1999, the company's total

manufacturing capacity is expected to increase to 20,500 tonnes per day by the start of the 1999-2000 sugar season, establishing Balrampur Chini Mills as the largest sugar company in India's private sector.

The company's byproduct utilisation programme incorporates the processing of molasses to produce alcohol with a capacity of 60 kl per day.

Balrampur's shares are listed on the National Stock Exchange, Bombay Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange and the Kanpur Stock Exchange. The company commanded a market capitalisation of Rs 161 cr on 31 March 1999. The promoters of the company are the principal shareholders of Balrampur with an equity holding of 38 per cent.

We at
Balrampur
dedicate
ourselves to
continue
delivering
overall value
to our
customers.

Delivering
exceptional
financial
performance
to our
shareowners.
And complete
satisfaction to
our employees
and
stakeholders.

Balrampur will strive to retain its place as one of India's premier sugar companies through sustained expansion of its sugar manufacturing operations - an area where we hold core competence - at global efficiencies of cost, quality and standards of customer servicing.

Within our business, we will strive to :

- Work closely and credibly with farmers, creating a bank of goodwill.
- Continue to deliver sugar and alcohol of the highest quality in the country.
- Be recognised as a fair company in the eyes of our vendors and buyers.
- Leverage our resident intellectual capital to maximise the return on the capital employed in the business. Generate a return higher than the industry average. Surpass the expectations of our shareowners.

commitment

As a company, we will strive to :

- Stick to our core competence of manufacturing sugar and closely allied products.
- Recruit and retain skilled and superior expertise.
- Measure and reward high performance.
- Incorporate the principles of corporate governance to maximise the delivery of shareholder value.
- Ensure that the community development is concurrent with business growth.