

The **CORPORATE**
Statement 1999-2000
Balrampur Chini Mills Limited



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STRETCH

CLARIFICATION ON 'FORWARD LOOKING STATEMENTS'

This annual report (including the Management Discussion and Analysis) contains statements relating to the future of the company that are forward looking. Readers are cautioned not to place undue reliance on these forward-looking statements. Any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as things stood on a particular date. They are based on current expectations and involve a number of assumptions, risks and uncertainties. The latter could cause the actual results to differ materially from such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words and terms with similar substance in connection with any discussion of the future operations or financial performance.

BALRAMPUR REGISTERED A 46.56
PER CENT IN PROFITS
IN 1999-2000 COMPARED TO
THE PREVIOUS YEAR. THE
FACTORS THAT CONTRIBUTED
TO THIS DECLINE WERE
LARGELY BEYOND THE
CONTROL OF THE BALRAMPUR
MANAGEMENT. WE ASSURE OUR
SHAREOWNERS THAT THIS
DECLINE IS TEMPORARY. IN
THIS REPORT WE HAVE
EXPLAINED THE URGENCY
WITH WHICH WE ARE
RESPONDING TO THE
SITUATION. AND, THANKS TO
OUR STRETCH COMMITMENT,
HOW OUR MEASURES ARE
ALREADY BEGINNING TO
REFLECT A VIGOROUS

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CORPORATE DESCRIPTION

BALRAMPUR IS ONE OF INDIA'S LARGEST SUGAR PRODUCING COMPANIES. IT RANKS AMONGST THE FASTEST GROWING SUGAR MILLS IN THE COUNTRY.

BALRAMPUR HAS GROWN FROM AN ASSET BASE OF RS. 3.58 CR IN 1980-81 TO RS. 420.34 CR IN 1999-2000.

THE COMPANY'S THREE PLANTS - BALRAMPUR, BABHMAN AND TULSIPUR - ARE BASED IN EAST UTTAR PRADESH. THESE PLANTS HAVE AN AGGREGATE CAPACITY OF 20,500 TCD. THEIR LOCATIONS ENJOY THE NATURAL ADVANTAGE OF RICH SOIL, ADEQUATE RAIN AND EXCELLENT SUNSHINE. BALRAMPUR ALSO POSSESSES A 60 KL PER DAY DISTILLERY. THIS UTILISES THE BYPRODUCT MOLASSES TO PRODUCE INDUSTRIAL ALCOHOL.

BALRAMPUR HAS ESTABLISHED A REPUTATION FOR MANUFACTURING AND MARKETING AN EXCELLENT QUALITY OF SUGAR. THIS IS PRIMARILY SOLD IN POCKETS OF EAST INDIA WHERE THE DEMAND FOR SUGAR FAR EXCEEDS SUPPLY FROM ANY NEIGHBOURING REGION. THE MAJOR PART OF BALRAMPUR'S SUGAR IS SOLD TO WHOLESALERS. HOWEVER, THE COMPONENT OF INSTITUTIONAL SALES REASONABLE, REFLECTING THE BRAND EQUITY OF BALRAMPUR'S SUGAR.

BALRAMPUR CHINI MILLS' SHARES ARE LISTED ON THE MUMBAI, CALCUTTA, DELHI, KANPUR AND NATIONAL STOCK EXCHANGES. ITS MARKET CAPITALISATION ON 31 MARCH 2000 WAS RS. 158.89 CR.

GOODING PRINCIPLES

CREDIBLY WITH FARMERS.
CREATING A BANK OF
GOODWILL

WE HAVE A RESPONSIBILITY
THAT EXTENDS BEYOND THE
FINANCIAL - TO THE
COMMUNITY AT LARGE

INTELLECTUAL CAPITAL TO
MAXIMISE THE RETURN ON
THE CAPITAL EMPLOYED IN
THE BUSINESS.

OF THE LAND AND WORK
WITHIN THEM.

SUGAR AND ALCOHOL OF THE
HIGHEST QUALITY IN THE
COUNTRY.

AS A FAIR COMPANY IN THE
EYES OF OUR VENDORS AND
BUYERS.

HIGHER THAN THE AVERAGE
SURPASSING THE
EXPECTATIONS OF OUR
SHAREOWNERS.

WE ARE DEDICATED
TO DELIVERING
OVERALL VALUE TO
OUR CUSTOMERS
DELIVERING
EXCEPTIONAL
FINANCIAL
PERFORMANCE TO
OUR SHAREOWNERS
AND COMPLETE
SATISFACTION TO
OUR EMPLOYEES AND
STAKEHOLDERS.

VISION MISSION

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
OF CORE COMPETENCE -
AT GLOBAL EFFICIENCIES
OF COST, QUALITY AND
STANDARDS OF
CUSTOMER SERVICING.

AS A COMPANY, WE WILL STRIVE TO :

* STICK TO OUR CORE COMPETENCE OF
MANUFACTURING SUGAR AND ALLIED
PRODUCTS

* RECRUIT AND RETAIN SKILLED AND
SUPERIOR EXPERTISE

OUR COMMITMENT

* MEASURE AND REWARD HIGH
PERFORMANCE

* INCORPORATE THE PRINCIPLES OF
CORPORATE GOVERNANCE TO MAXIMISE THE
DELIVERY OF SHAREHOLDER VALUE

* ENSURE THAT THE COMMUNITY'S
DEVELOPMENT IS CONCURRENT WITH
BUSINESS GROWTH

INTEGRITY

We demand of ourselves and others the highest ethical standards. Our effort will be directed in making products that are of the highest quality.

TEAMWORK

This is the critical cog which runs the Balrampur wheel. We know that if we are to succeed we must work together - more effectively and efficiently.

LEADERSHIP

We believe that a leader company is not as much a company which leads others as much as a company which has leaders at every level. This can be achieved only if the company creates growth opportunities, empowers adequately and creates incentives to reward its members.

RESPECT FOR PEOPLE

People have made Balrampur what it is today. Balrampur has a proud record of treating its members well and with dignity; the company expects to live by this philosophy as the cornerstone of its operations.

OUR VALUES

SHAREHOLDER VALUE

We will strive to maintain global standards of corporate transparency. We will strive to increase shareholder confidence in our management ability; we will strive to deliver a value to our shareowners that is commensurate with our managerial depth and financial solidity.

CUSTOMER FOCUS

We are deeply committed to understanding and meeting the needs of customers.

GROWTH

We strive for a continuous improvement in our performance driven by an aggressive expansion in our assets.

COMMUNITY

We will strive to be seen as a company with a conscience that extends beyond its cash flow - to the bigger challenge of making the world a better place to live in.

* There was an appreciable increase in the production of sugar from the Balrampur plant in the 1999-2000 sugar season. The Balrampur plant crushed lac quintals in the 1999-2000 sugar season compared to 124.59 lac quintals in the 1998-99 season. This was accompanied by a higher recovery - from 9.32 per cent to 9.90 per cent. We expect that this will translate into a better performance in the financial year 2000-01.

* There was a similar improvement in the Babhnan plant. It crushed lac quintals in the 1999-2000 sugar season, compared to 73.81 quintals during the 1998-99 season. The recovery rose from 9.72 per cent to 10.21 per cent. The impact of which will be reflected in the financial year of 2000-01.

* The aggregate recovery of the company improved from 9.42 to 9.96 per cent during the year. The impact of this increased production will be reflected in the financials of 2000-01.

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* The merger of Tulsipur Sugar with Balrampur Chini Mills was completed during the year and came into retrospective effect from 1 April 1999.

* To derive early benefits of the acquisition, Tulsipur's capacity was enhanced from 2,500 tcd to tcd at an approximate cost of Rs. 60 cr funded from internal accruals and debt.

* The Tulsipur plant put in an outstanding performance during the financial year under review : it crushed lac quintals in 1999-2000 sugar season compared to 29.71 lac quintals in 1998-99. Effective capacity utilisation : 91 per cent. During the same season, recovery rose from 9.12 per cent to 9.74 per cent.

* The freesale : levy sales ratio was revised by the government from the ratio of 60:40 to 70:30. This measure came into effect from 1 January 2000. This is a step ahead in the deregulation of the Indian sugar industry.