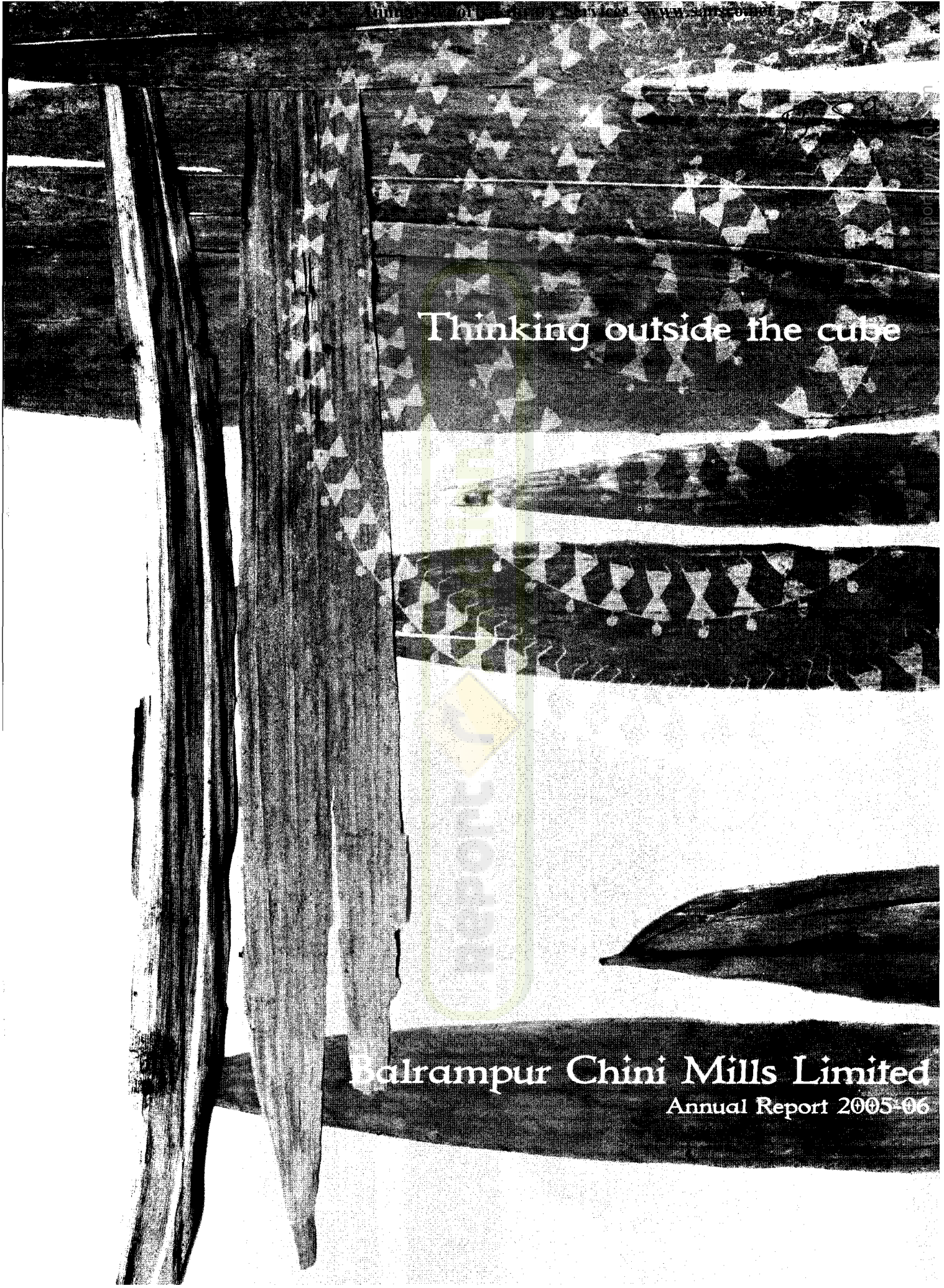
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Thinking outside the cube

Balrampur Chini Mills Limited

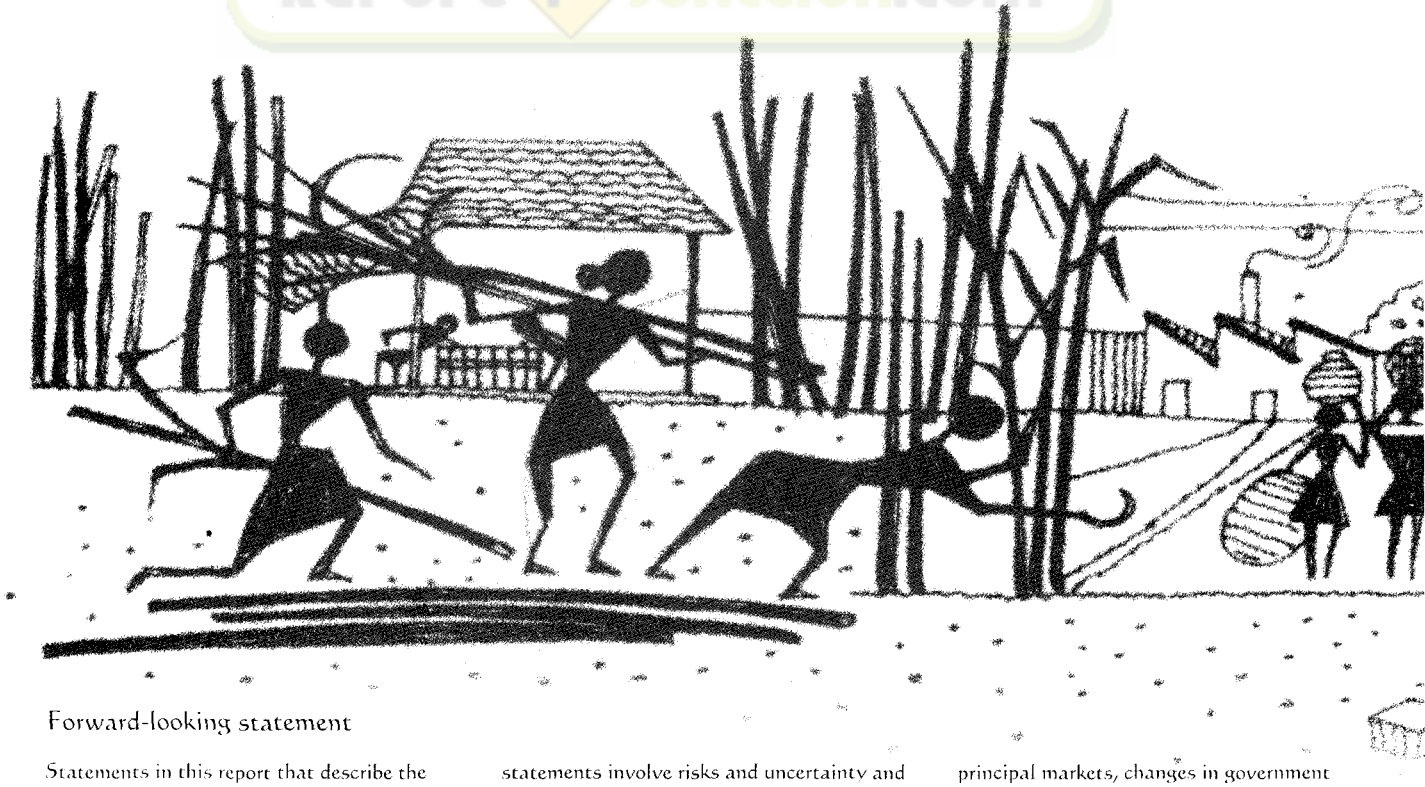
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As you turn the pages...

- Building the company brick by brick 02
- Five-year financial summary 14
- Strength of our numbers 16
- Shareholder value creation 18
- Report of the Board of Directors 20
- Corporate Governance report 32
- Management's discussion and analysis 43
- Auditor's report 59
- Balance sheet 62
- Profit and loss account 63
- Schedules 64
- Cash flow statement 82
- Corporate information 84

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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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BALRAMPUR CHINI MILLS LIMITED

"FMC FORTUNA", 2ND FLOOR
234/3A, A.J.C. BOSE ROAD, KOLKATA-700 020

NOTICE

NOTICE is hereby given that the Thirty first Annual General Meeting of the members of Balrampur Chini Mills Limited will be held on Thursday, the 11th day of January, 2007 at 10.30 A.M. at 'Kala Mandir', 48, Shakespeare Sarani, Kolkata – 700 017 to transact the following business :-

1. To receive, consider and adopt the profit & loss Account of the Company for the 18 months period ended 30th September, 2006 and the Balance Sheet as at that date with the Reports of the Directors and Auditors thereon.

2. To declare Dividends on equity shares.

3. To appoint a Director in place of Shri Sudhir Jalan, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Shri Naresh Chandra who retires by rotation and being eligible offers himself for re-appointment.

5. 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 :-

6. **As an Ordinary Resolution :**

   "Resolved that Shri M.M. Mukherjee who was appointed as a director in the casual vacancy caused by the demise of Shri A. Ramamurthy and holds office upto the date upto which late Mr. Ramamurthy would have held office if it had not vacated under Section 262 of the Companies Act, 1956 read with Article 81 of the Articles of Association of the Company, but being eligible offers himself for re-appointment, be and is hereby appointed as a director of the Company subject to retirement by rotation in accordance with the Articles of Association of the Company."

7. **As an Ordinary Resolution :**

   "Resolved that Shri Kishor Shah be and is hereby appointed a director pursuant to Section 257 of the Companies Act, 1956."

8. **As an Ordinary Resolution :**

   "Resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow moneys for the purposes of the business of the Company notwithstanding that the moneys so borrowed may exceed the aggregate for

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the time being of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purposes but so that the total amount of moneys so borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.2000 crores (Rupees Two thousand crores only) outstanding at any time over and above the aggregate of the paid up capital of the Company and its free reserves, as aforesaid."

9. **As an Ordinary Resolution :**

"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 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 :

a] Advances allowed or to be allowed by the State Bank of India to the Company from time to time upto maximum of Rs. 600 Crores (Rupees Six hundred Crores) only and

b] 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 authorized 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."

To consider and if thought fit, to pass with or without modifications, the following resolutions :-

10. **As a Special Resolution :**

"Resolved that pursuant to the provisions of sections 198,269, 309, 310, 311 & 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 Shri Vivek Saraogi, as Managing Director of the Company for a further period of five years effective from 1st April, 2006 on the terms and conditions as set out in the explanatory statement annexed hereto and also draft agreement submitted to this meeting, with liberty to the Board of Directors to revise, amend, alter and vary the terms and conditions of his appointment in such manner as may from time to time be prescribed by the Central Government in the aforesaid Schedule XIII or any modification thereto, as may be agreed to by and between the Board and Shri Vivek Saraogi."

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

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11. **As a Special Resolution :**

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to all such approval as may be required, the approval of the members be and is hereby accorded to the payment of enhanced remuneration and perquisites to Smt. Meenakshi Saraogi (Jt. Managing Director) with effect from 1st April, 2006, for the residual period of her current terms of office in the manner as set out in the Explanatory Statement and also the draft Supplemental Agreement submitted to this meeting, with absolute discretion to the Board of Directors (the "Board") to alter and vary the terms and conditions in the said agreement as the Board or any Committee thereof may in its absolute discretion consider necessary and as may be agreed by Smt. Meenakshi Saraogi."

"Resolved further that the Board or any Committee thereof be and is hereby authorized to do and perform all such acts, deeds and things as may be considered, desirable or expedient to give effect to this resolution."

12. **As a Special Resolution :**

"Resolved that pursuant to provisions of Sections 198, 269, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, approval of the member be and is hereby accorded to the appointment of Shri Kishor Shah as Whole Time Director designated as Director cum Chief Financial Officer for a period of five years with effect from 31st January, 2006 to 30th January, 2011 on the terms and conditions as set out in the explanatory statement annexed hereto with liberty to the Board of Director to revise, implement, alter and vary the terms and conditions of his appointment in such manner as may from time to time be prescribed by the Central Govt. in the aforesaid Schedule XIII or any modification thereto or as may be agreed to by and between the Board and Shri Kishor Shah."

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

13. **As a Special Resolution :**

"Resolved that pursuant to the provisions of Sections 198, 269, 310, 311 & 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 reappointment of Shri K.N. Ranasaria as a Whole-time Director of the Company for a period of three years with effect from 12th May, 2006 on the terms and conditions as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment in such manner as may from time to time be prescribed by the Central Government in the aforesaid Schedule XIII or any modification thereto, as may be agreed to by and between the Board and Shri K.N. Ranasaria."

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"Resolved further that the Board or any committee thereof 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."

14. **As a Special Resolution :**

"Resolved that pursuant to the provisions of Sections 198, 269, 310, 311 & 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 reappointment of Shri R.N. Misra as a Whole-time Director of the Company for a period of three years with effect from 1st July, 2006 on the terms and conditions as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter and vary the terms and conditions of the appointment in such manner as may from time to time be prescribed by the Central Government in the aforesaid Schedule XIII or any modification thereto, as may be agreed to by and between the Board and Shri R.N. Misra."

"Resolved further that the Board or any committee thereof 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."

15. **As a Special Resolution :**

"Resolved that pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations guidelines and laws (including any amendment thereto or re-enactment thereof for the time being in force) and subject to approval(s) and/or permission(s) and/or sanction(s) of the Central Government, Reserve Bank of India and other regulatory bodies, if required, and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approval(s), permission(s) and sanction(s), which the Board of Directors of the Company (hereinafter referred to as "the Board") is hereby authorised to accept and in supersession of the earlier Special Resolution passed at the Extra-ordinary General Meeting of the Company held on 4th March, 2005 in that regard, the consent of the Company be and is hereby accorded for investment by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as "the FIIs"), in the equity share capital of the Company, either by direct investment or by purchase or acquisition from market under Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 60% of the paid up equity share capital of the Company".

"Resolved further that the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

BY ORDER OF THE BOARD
S.K. AGRAWALA
SECRETARY

Place : Kolkata
Dated : 16.11.2006

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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 relevant details in respect of item No(s). 3, 4 & 6 pursuant to clause No. 49 of the listing Agreements are given after the explanatory statement.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th December, 2006 to 11th January, 2007 (both days inclusive).

4. Members holding shares in electronic form may please note that their bank account details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories or will be paid through ECS where such facility is available and the Company will not entertain any direct request from such members for deletion of/ change in such bank account details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

5. Shareholders of the Company are informed that pursuant to the Companies Act, 1956 the amount of dividend which remains unclaimed/unpaid for a period of 7 years would be transferred to the Investor Education and Protection Fund constituted by the Central Government and the shareholders would not be able to claim any amount of the dividend so transferred to the Fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the years 2000 to 2006.

6. The Company has sub-divided each equity shares of Rs.10 each into 10 equity shares of Re. 1 each with effect from 31st March, 2005. Shareholders who are holding shares in physical form must surrender their share certificate immediately to the Company so that the Company can despatch the new share certificate of Re.1 each.

   Pursuant to the merger scheme, two companies viz. 'Babhnan Sugar Mills Limited' (BSML) and 'Tulsipur Sugar Company Limited' (TSCL) were merged with the Company in the year 1994 and 1999 respectively. As per the terms of the respective merger schemes, the then shareholders of BSML and TSCL were allotted Equity Shares of the company in the ratio of 2:5 and 1:7 respectively. Hence, those shareholders who have not yet surrendered the Share Certificates of erstwhile BSML and TSCL are reminded to do so directly to the Company to enable despatch of new sub-divided share certificates.

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EXPLANATORY STATEMENT
Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6 :

Shri M.M. Kukherjee was appointed as an independent director in the casual vacancy caused by the death of Mr. A. Ramamurthy, and holds office upto the date upto which late Mr. Ramamurthy would have held office, if it had not been vacated under Section 262 of the Companies Act, 1956 read with Article 81 of the Articles of Association of the Company i.e. upto this Annual General Meeting. The Company has received a notice under section 257 along with a deposit of Rs.500 from a member of the Company signifying his intention to propose the appointment of Shri M.M. Mukherjee for the office of the director under the provision of section 257 of the Companies Act, 1956. The brief resume of Mr. Mukherjee has been given in the annexure attached to the Notice. Keeping in view the experience and expertise his appointment as Director is recommended.

None of the Directors except Mr. M.M. Mukherjee may be deemed to be concerned or interested in this resolution.

Item No. 7 & 12 :

Shri Kishor Shah, Chief Financial Officer of the Company was appointed as an additional Director and redesignated as Director cum Chief Financial Officer with effect from 31st January, 2006 for a period of 5 years. Pursuant to Section 260 of the Companies Act, 1956, Shri Shah will hold the office as Director only upto the date this Annual General Meeting. His candidature of directorship of the Company has been proposed by a member pursuant to Section 257 of the Companies Act, 1956. The remuneration of Mr. Shah with effect from 1st April, 2006 shall be as under and would be responsible for maintaining finance and accounts of the Company.

a]	Salary	:	Rs.1,75,000/- per month.
b]	Perquisites		
	i] Bonus	:	20% of the salary.
	ii] Medical Reimbursement	:	For self and his family subject to a ceiling of one month salary.
	iii] Leave Travel Concession	:	Reimbursement upto one month salary for himself and family.
	iv] Leave	:	One month leave for eleven months' service. Leave encashment as per Company's Rule.
	v] Club Fee	:	Reimbursement of membership fee clubs in India.
	vi] Provident Fund	:	As per Company's Rule.
	vii] Gratuity	:	½ month's salary for each completed year of service.
	viii] Car	:	Company's car with driver for official use.
	ix] Telephone	:	Telephone facility at the residence including Cell Phone.

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Explanation :

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

The aggregate of salary and perquisites in any one financial year shall not exceed the limits prescribed under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

In the event of absence or inadequacy of profit during the period Shri Kishor Shah 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, 1956.

Shri Kishor Shah, 42 years of age, is a Commerce Graduate and a Chartered Accountant having about 18 years of experience in Accounts and Finance including 12 years in Sugar Industry. He is also a director in Avantika Ganna Pvt. Ltd. Membership in other Board Committees – Nil. It will be in the interest of the Company to avail of Shri Shah's experience and his continuance will be of benefit to the Company. Your directors therefore recommend the resolution for your approval. No other Director of the Company is concerned or interested in this resolution except Shri Kishor Shah.

The above may be regarded as an abstract for the term of appointment and memorandum of concern of interest under Section 302 of the Companies Act, 1956.

Item No. 8 :

In view of the expansion, diversification, and the growing needs of funds by the Company, the company may have to raise short term/long term resources from Banks, Public/ Financial/Investment Institution or a combination thereof. The shareholders at their Annual General Meeting held on 22nd July, 2005 have approved limit of Rs.1000 crores as the borrowing powers of the Board. The approval of shareholders is being sought for increasing this limit from Rs.1000 crores to Rs.2000 crores keeping in mind the expansion and diversification plans of the Company.

The Board of Directors therefore recommend the passing of ordinary resolution contained in item No. 8 of above notice.

None of the Directors of the company is concerned or interested in the resolution.

Item No. 9 :

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.600 Crores (Rupees Six 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.

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Item No. 10 :

The Board of Directors at its meeting held on 31st January, 2006, have, pursuant to the recommendation of Remuneration Committee approved the re-appointment of Shri Vivek Saraogi as Managing Director of the Company for a further period of 5 years effective from 1st April, 2006 on the following terms and conditions :

a)	Salary	:	Rs.7,50,000 per month.
b)	Commission	:	1% of the net profit of the Company subject to a ceiling of Rs. 90 lacs per annum.
c)	Perquisites/Amenities		
	i) Medical Reimbursement	:	Reimbursement of actual medical expenses in India and/ or abroad and including hospitalization, nursing home and surgical charges for himself and family.
	ii) Leave Travel Concession	:	Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of himself and family to any destination in India or abroad.
	iii) Leave	:	One month leave for eleven months' service.
	iv) Personal Accident Insurance	:	Premium upto Rs.15,000/- per annum.
	v) Medical Insurance	:	As per Company's Rule.
	vi) Club Fee	:	Reimbursement of membership fee of clubs in India and abroad including admission and life membership fees.
	vii) Provident Fund	:	As per Company's rule.
	viii) Gratuity	:	½ month's salary for each completed year of service.
	ix) Car	:	Company's Car with driver for official use.
	x) Telephone	:	Telephone facility at the residence including Cell Phone.

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

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 sections 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 Shri Vivek 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, 1956.

Shri Vivek Saraogi is a Commerce Graduate having 19 years experience in Sugar Industry. The remuneration proposed to be paid to Shri Vivek Saraogi is justified having regard to the nature of service required from him and the responsibility which he is called upon to bear as Managing Director of the Company. He is a Director of Federation of Indian Chambers of Commerce & Industry, Indian Chamber of Commerce, Calcutta and Neoworth Commercial Pvt. Ltd. The Board recommends acceptance of the Resolution.

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