



STRETCH

Graduating the Company from one level to another

Balrampur Chini Mills Limited

Annual Report 2021-22

Contents

Corporate overview

4	What we are
6	Our growth story across the years
8	Our strong financial track record
14	Chairman and Managing Director's review
18	Chief Financial Officer's analysis of our performance and position
20	How Balrampur is enhancing value for all its stakeholders: A report, 2021-22
35	How a large ethanol opportunity is riding long-term government policy
43	How Balrampur expects to emerge as one of India's largest ethanol companies in the sugar sector
47	How we intend to emerge as India's most competitive cane based ethanol producing company
51	Our passion and performance
63	Segment analysis and business drivers
87	Our ESG commitment
106	Management Discussion and Analysis

Statutory section

119	Report of the Board of Directors
145	Corporate Governance Report
164	Business Responsibility Report
172	Secretarial Audit Report

Financial section

176	Standalone Financial Statements
256	Consolidated Financial Statements

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

4 messages of this Annual Report



1 Balrampur Chini Mills is engaged in a decisive investment in increasing its distillery (ethanol) capacity.

2 This investment, when commissioned, could transform the Company's revenue mix and profitability.

3 The investment could right-size the Company's Balance Sheet for sustainable profitable growth.

4 The 'ethanolisation' of the Company will enhance value for the Company's stakeholders.



PART 1



What we
are and
what we
do

Balrampur Chini Mills Limited is one of India's leading sugar companies.

Engaged in the principal businesses of sugar and distillery.

Addressing the growing needs of diverse stakeholders.

Respected for being a responsible corporate citizen.



Background

Balrampur Chini Mills Limited is among the largest integrated private sector sugar companies in India. The Company is led by Mr. Vivek Saraogi and managed by experienced professionals.



Location

The Company's headquarters are in Kolkata, India. The Company possesses 10 sugar factories across the cane-rich belts of Eastern and Central Uttar Pradesh, four distilleries and ten cogeneration units, one of the largest integrated complements in India's sugar sector.



Businesses

The Company generates revenues from its business of sugar and distillery, among others. It generated 80.68% of revenues from the sugar segment and 18.95% from its distillery segment during FY 2021-22.



Listing

The Company is listed on the BSE Limited (scrip code: 500038) and National Stock Exchange of India Limited (scrip code: BALRAMCHIN) where its equity shares are actively traded. The market capitalisation of the Company was ₹9985.72 crore as on 31 March, 2022; promoter shareholding in the Company was 42.42%.



Ratings

The long-term credit rating of the Company was upgraded to AA+ (Stable); the short term rating was re-affirmed at A1+ by CRISIL.



State-of-the-art

The Company made prudent investments in cutting-edge technologies, which helped enhance operating efficiency and environmental responsibility. The Company helped enhance farm yields by distributing high yielding seeds.



Pioneering

- The Company was among the first in India's sugar industry to moderate an excessive reliance on sugar and enhance distillery and cogeneration revenues
- The Company was one of the first sugar companies to commission an incinerator boiler in its distillery, becoming zero discharge in the process, empowering the distillery to operate for 330 days a year (compared to the erstwhile 270 days)
- The Company repaid a majority of its long-term debt to emerge as a liquid and under-borrowed company
- The Company rewarded shareholders with five equity buybacks in five years coupled with dividends
- The Company acquired loss-making sugar units and turned them around
- The Company was among the first sugar companies to digitally transfer cane proceeds to farmers
- The Company is setting up a state-of-the-art distillery fed by flexible dual-feed.



Eco-friendly

The Company tried to achieve its goal towards environmental responsibility through proactive investments that moderated water consumption and effluents discharge while increasing recycling.



Our manufacturing units

10	4	10
Number of sugar units	Number of distillery units (fifth under construction)	Number of cogeneration units



Our capacities

77,500	560
TCD cane crushing capacity per day	KLPD of distillery capacity

175.7

MW saleable co-generation capacity

Our growth story across the years

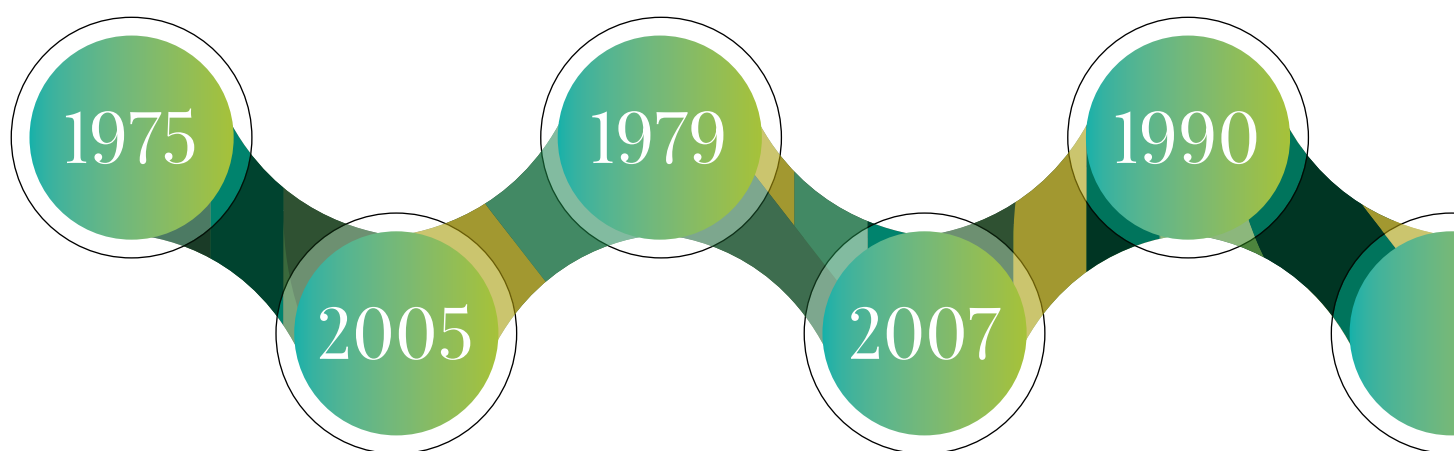
1975–1989: Our building blocks

The Balrampur unit went into business with a crushing capacity of 800 TCD; this capacity was subsequently enhanced to 12,000 TCD.

By an indenture of conveyance, Balrampur Commercial Enterprises Limited came under the aegis of BCML with transfer of land parcels, buildings, assets and the entire staff of the sugar factory. BCML ceased to be a subsidiary of BCEL. The shares were listed on the Calcutta Stock Exchange in 1979.

1990–1999: Growth phase

Acquired a controlling stake in Babhnan Sugar Mill Limited (crushing capacity 1,000 TCD in 1990). The mill was expanded and modernised, resulting in an increased crushing capacity from 2,500 TCD in 1992-93 to 10,000 TCD presently (Babhnan Sugar Mills Limited was merged with BCML from 1 April, 1994).



2000–2014: Integrated growth (continued)

Established a greenfield integrated sugar complex at Akbarpur with a crushing capacity of 7,000 TCD, coupled with a bagasse-based cogeneration power plant (18MW). The crushing capacity was enhanced to 7,500 TCD.

Established a greenfield integrated sugar complex at Mankapur with a crushing capacity of 8,000 TCD, coupled with a bagasse-based cogeneration power plant (34 MW) and 100 KLPD distillery. The plant's cogeneration capacity was enhanced to 43.60 MW.

Established a greenfield integrated sugar complex at Kumbhi, with a crushing capacity of 8,000 TCD coupled with bagasse-based co-generation power plant (20 MW). The co-generation capacity was enhanced to 32.70 MW.

A greenfield integrated sugar complex was established at Gularia, with a crushing capacity of 8,000 TCD, coupled with a bagasse-based cogeneration power plant (31.3 MW). The plant's cogeneration capacity was enhanced to 38.86 MW.

1990–1999: Growth phase (continued)

Commissioned a distillery in Balrampur; the capacity of 60 kilolitre per day was subsequently raised to 160 kilolitre per day and is being further expanded to 330 KLPD.

Acquired a controlling stake in Tulsipur Sugar Company Limited, located near Balrampur in Eastern Uttar Pradesh (installed capacity 2,500 TCD).

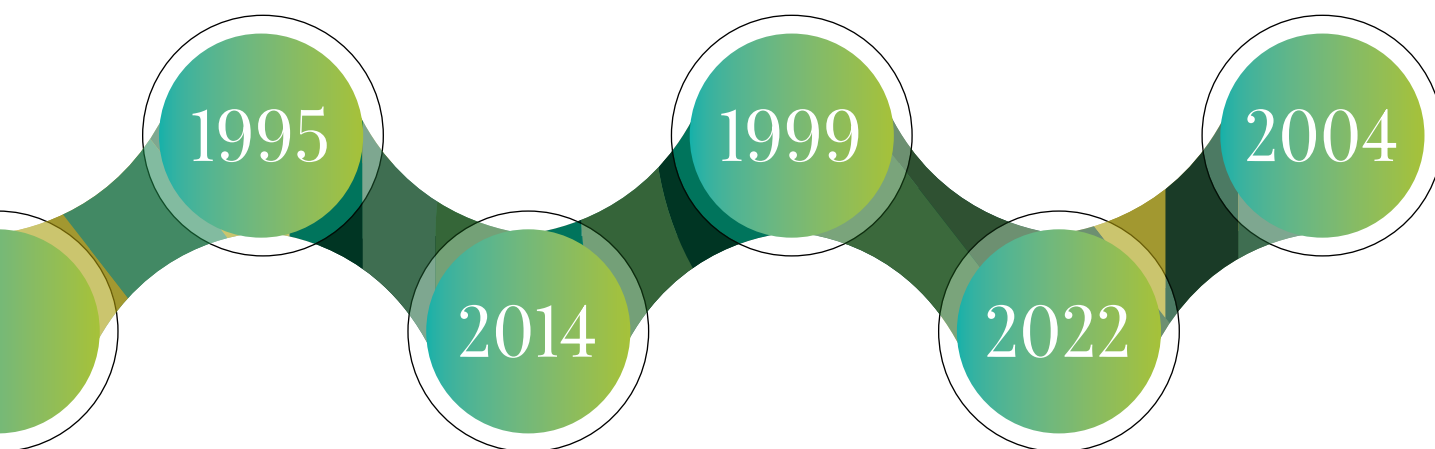
Tulsipur Sugar Company Limited was merged with BCML with effect from 1 April, 1999; the crushing capacity of Tulsipur Sugar was subsequently expanded to 7,000 TCD.

2000–2014: Integrated growth

Established a greenfield integrated sugar complex at Haidergarh with a crushing capacity of 4,000 TCD along with bagasse-based co-generation power plant (20.25 MW). Crushing and cogeneration capacity was enhanced to 5,000 TCD and 23.25 MW respectively.

Installed a distillery of 60 KLPD at Babhnan, which was eventually increased to 100 KLPD.

Started a co-generation plant at the Babhnan unit (3 MW subsequently expanded to 27.76 MW).



2000–2014: Second phase of integrated growth

Acquired an integrated sugar unit at Rauzagaon from Dhampur Sugar Mills Ltd. The unit (with a crushing potential of 7,500 TCD and producing 12 MW of power) was enhanced to 8,000 TCD; power generation capacity was increased to 25.75 MW.

Acquired a 53.96% stake in Indo Gulf Industries Limited (IGIL). IGIL had a sugar unit with a crushing capacity of 3,000 TCD at Maizapur. The sugar division was demerged from IGIL and merged with BCML. During 2017, BCML sold its entire stake in IGIL following an open offer.

2015–2022: Commitment towards environment and shareholders

Invested in incinerators at distilleries to become a zero liquid discharger of effluents, empowering the Company to operate the distillery for an additional 60 days a year.

In the last five years, the Company engaged in five share buybacks with a cumulative payout of ₹816.91 crore (excluding taxes) coupled with a cumulative dividend payout of ₹360.12 crore (excluding taxes). The Company paid ₹91.80 crore towards tax, related to share buybacks and ₹52.46 crore towards Dividend Distribution Tax.

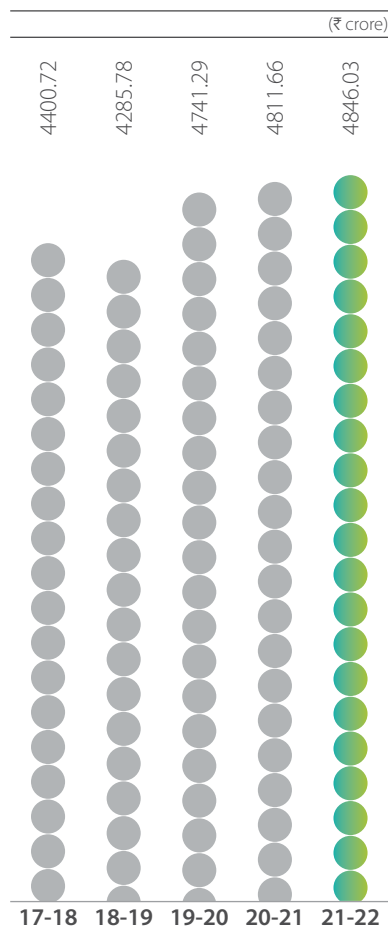
Commissioned a 160 KLPD distillery at Gularia to produce ethanol, which has now been expanded to 200 KLPD.

The Company is in the process of commissioning its fifth distillery with a capacity of 320 KLPD at Maizapur.

The Company's distillery in Balrampur is in the process of being expanded from 160 KLPD to 330 KLPD.

Embarked on a doubling of the distillery capacity.

Our strong financial track record



Revenues

Definition

Growth in sales

Why is this measured?

It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's performance can be compared with sectoral peers.

Performance

Revenues were higher by 0.71% to ₹4846.03 crore in FY 2021-22 on account of higher realizations even though volumes were lower.



EBITDA

Definition

Earnings before interest, depreciation, exceptional items and tax.

Why is this measured?

It is an index that showcases the Company's ability to generate a surplus after operating costs, creating a base for comparison with sectoral peers.

Performance

The Company reported a 1.98% decline in EBITDA in FY 2021-22 owing to lower sugar volumes and increased cane costs.



Total comprehensive income

Definition

Total comprehensive income (TCI) includes profit for the year and other comprehensive income.

Why is this measured?

It provides a holistic view of the Company's income that is not fully captured in the income statement.

Performance

The Company reported a 8.91% growth in TCI in FY 2021-22.