



Balrampur Chini Mills Limited
Annual report 2012/13

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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 37th Annual General Meeting of the members of **Balrampur Chini Mills Limited** will be held on Wednesday, the 31st July, 2013 at 11.00 A.M. at 'Vidya Mandir', 1, Moira Street, Kolkata - 700017 to transact the following business :-

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri R.K. Choudhury who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. Arvind Krishna Saxena who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit to pass, with or without modification(s), the following resolution 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 reappointment including payment of remuneration to Shri Kishor Shah as Director cum Chief Financial Officer of the Company for a period of 3 years with effect from 1st April, 2013 on the

terms and conditions as set out in the explanatory statement annexed hereto with liberty to the Board of Directors ("the Board") to revise, amend, alter and vary the terms and conditions of his appointment and remuneration in such manner as may be permitted in accordance with the provisions of the Companies Act, 1956 and Schedule XIII or any modification thereto and as may be agreed to by and between the Board and Shri Kishor Shah.

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

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :-

"Resolved that pursuant to provisions contained in Section 18 and such other applicable provisions, if any, of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and subject to the sanction of Hon'ble Board for Industrial and Financial Reconstruction ('BIFR') and / or any such concerned authority as may be constituted pursuant to SICA or the Companies Act, 1956 ('the Act') or any amendments or its reconstitution thereof or any other statutory authority under the applicable law for the time being in force and subject to such other approvals, sanctions, consents and/or permissions as may be required, approval be and is hereby accorded to the Modified Draft Rehabilitation Scheme ('MDRS') containing Scheme of Merger ('the Scheme') between Khalilabad Sugar Mills Pvt. Ltd. ('KSMPPL') ('Transferor Company') and Balrampur Chini

Mills Ltd. ('BCML') ('Transferee Company'), as laid before the meeting and initialled by the Chairman for the purpose of identification, for the merger of the Transferor Company with Transferee Company and to acquire and merge all the assets, liabilities, rights and obligations and the entire undertaking of the Transferor Company, with the Transferee Company as per the Scheme of Merger.

Resolved further that the Board of Directors of the Company ('the Board') (which term shall include any Committee which the Board may have constituted or hereafter constitute to exercise the powers including the powers conferred by this Resolution) be and is hereby authorised to accept such alteration(s) and modification(s) in the Scheme as may be stipulated or required by BIFR or any other concerned Statutory Authority, Monitoring Agency, Government Authorities and / or other concerned institutions or authorities, if any, while

sanctioning or participating in the Scheme and/or granting such approvals, sanctions, consents and/or permissions, if any required in connection therewith and which the Board thereof, may deem fit to consider, modify and approve in the interest of the Company and to do all such acts, deeds, matters and things as may be necessary and expedient to give effect to the Scheme and other related matters as may be incidental and ancillary thereto".

By order of the Board



S. K. Agrawala

Company Secretary

Place: Kolkata

Date: 13.06.2013.

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 of the Company. The proxy form, in order to be effective, must be duly completed, stamped and lodged with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2013 to 31st July, 2013 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto.
4. Members who hold shares in dematerialised form are requested to bring their Demat Statement mentioning therein the Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Corporate members are requested to send a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the AGM.
6. The Company has provided facility to the members for remittance of dividend through the National Electronic Clearing System (NECS) at locations identified by Reserve Bank of India from time to time, to avoid loss of dividend warrants in transit and delay in receipt of dividend warrants. Therefore, members holding shares in physical form are requested to write to the Company to avail the NECS facility by providing the complete Bank Account details and members holding shares in demat form may request their Depository Participants for availing the NECS facility.
7. Shareholders holding shares in physical form are requested to advise the Company and the members holding shares in dematerialised form are requested to advise their Depository Participants immediately about any change in their address.

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| <p>8. Shareholders of the Company are informed that pursuant to the provisions of 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. The Company had sent reminders to the Members in this regard. 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 for the financial years 2005-06 to 2009-11 (Except 2006-07 where no dividend declared).</p> <p>9. The Company has sub-divided the equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each with effect from 31st March, 2005. Shareholders who are holding shares in physical form must surrender their ₹ 10/- share certificate immediately to the Company so that the Company can despatch the new share certificate of ₹ 1 each.</p> <p>10. For Shareholders of erstwhile Babhnan Sugar Mills Limited (BSML) and Tulsipur Sugar Company Limited (TSCL): Pursuant to the merger scheme, two companies viz, BSML and TSCL were merged with the Company in the year 1994 and 1999 respectively. As per the terms of the respective</p> | <p>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.</p> <p>11. The Company has allotted shares to the shareholders of Indo Gulf Industries Ltd (IGIL) in the ratio of 1 equity share of ₹ 1 each of the Company for every 100 equity shares of ₹ 1 each (post restructuring) held in IGIL as on Record Date 24th August, 2010 vide Hon'ble BIFR Order dated 24th June, 2010. If any shareholders of IGIL has not yet received the share certificate of the Company so allotted are requested to write to the Company for non-receipt of such share certificate.</p> <p>12. Ministry of Corporate Affairs ("MCA") has undertaken a "Green initiative in the Corporate Governance" by allowing service of documents on members by a Company through electronic mode.</p> <p>Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered / updated either with their Depositories in respect of demat holding or by writing to the Company in respect of physical holding.</p> |
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EXPLANATORY STATEMENT

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

Item No. 6 :

The Board of Directors in its meeting held on 30th January, 2013, have pursuant to the recommendation of Remuneration Committee reappointed Shri Kishor Shah as Director cum Chief Financial Officer for a further period of 3 years with effect from 1st April, 2013 on the following terms and conditions as mentioned below :

a)	Salary	₹ 4,00,000 per month.
b)	Commission	1% of the net profit of the Company subject to a ceiling of ₹48 lacs per annum.
c)	Perquisites	
i)	Medical Reimbursement	For self and his family subject to a ceiling of one month salary.
ii)	Leave Travel Concession	Reimbursement upto one month salary for himself and family.
iii)	Leave	One month leave for eleven months' service. Leave encashment as per Company's Rule.
iv)	Club Fee	Reimbursement of membership fee of clubs in India.
v)	Provident Fund	As per Company's Rule.
vi)	Gratuity	½ month's salary for each completed year of service.
vii)	Car	Company's car with driver for official use.
viii)	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.

The aggregate of salary and perquisites in any 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 (Date of Birth 06.02.1964), is a Commerce Graduate and a Chartered Accountant having about 25 years experience in Finance and Accounts including 19 years in the sugar industry. He is heading the Finance & Accounts Department of the Company and is responsible for maintaining the efficient and smooth finance function, budgeting and transparent accounts function based on discreet and sound Accounting principle and practices including arranging finance from banks or financial institutions in India and overseas. He is not a director in any other company or a member in any committee except in the Company. He is holding 40600 equity shares of the Company as on 31.03.2013. He will be liable to retire by rotation. The Board recommends the acceptance of the Resolution.

Except Shri Kishor Shah, no other Director is interested in the said resolution.

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

Item No. 7 :

Khalilabad Sugar Mills Pvt. Ltd. (KSMPL) is engaged in manufacturing of sugar and having its factory at Khalilabad in Dist.- Sant Kabir Nagar, U.P. with a crushing capacity of 2500 TCD. KSMPL was declared a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 on 24.08.2005 and a draft rehabilitation scheme was sanctioned by Hon'ble Board for Industrial and Financial Reconstruction ('BIFR') in its hearing held on 14.06.2007 for revival of KSMPL. Although, the major provisions of the said scheme have been implemented by KSMPL, but due to adverse market conditions, drastic increase in sugar cane price, inadequacy of cane allotment etc., the Company could not utilise its installed capacity to the optimum level and hence the Company could not make the profits and it continues to incur losses. As on 31st March, 2012, the accumulated loss of KSMPL is ₹111.39 crores. Thereafter, Hon'ble BIFR in the hearing held on 05.12.2012 considered the Miscellaneous Application filed by KSMPL, and gave directions for filing of draft modified rehabilitation proposal with IDBI Bank, Monitoring Agency, appointed for KSMPL, for processing of the said proposal and to examine the viability of the same. The Monitoring Agency, IDBI Bank vide its letter dated 12.03.2013 submitted modified draft rehabilitation scheme (MDRS) containing draft Scheme of Merger ('the scheme') to the Hon'ble BIFR. The Hon'ble BIFR

vide its order dated 03.06.2013 has circulated the scheme to all the concerned inviting objections/ suggestions within 60 days from the date of the order. The salient features of MDRS containing the scheme are as hereunder:

- i) The appointed date for the scheme is from 1st April, 2012,
- ii) Merger of KSMPL with Balrampur Chini Mills Ltd ('BCML')

with all its assets, liabilities, rights and obligations. BCML, in consideration of the said merger, shall issue and allot to each equity shareholder of KSMPL, whose name is registered in the Register of Members of KSMPL on the record date to be decided by the Board of the BCML, its 1(one) equity share of ₹ 1 each fully paid up for every 20(twenty) equity shares of ₹ 10/- each fully paid up held by such member in KSMPL.

iii) Financial position of KSMPL for last four financial year are as hereunder :

Analysis of Balance Sheet

(₹ in Lacs)

Particulars	Audited as on 31/03/2012	Audited as on 31/03/2011	Audited as on 31/03/2010	Audited as on 31/03/2009
SOURCES OF FUNDS				
A. Shareholder's Funds				
Share Capital	1053.79	1053.79	1053.79	1053.79
Reserves & Surplus/Accumulated Losses	(11005.90)	(8819.64)	(7075.20)	(5730.32)
Total (A)	(9952.11)	(7765.85)	(6021.41)	(4676.53)
B. Loan Funds				
Secured Loans	3697.18	5147.27	3545.68	4812.18
Unsecured Loans	9800.00	7800.00	8347.00	3696.35
Total (B)	13497.18	12947.27	11892.68	8508.53
C. Current Liabilities & Provisions				
Current Liabilities	2312.63	950.40	797.14	826.96
Provisions	147.12	135.73	114.64	116.59
Total (C)	2459.75	1086.13	911.78	943.55
Grand Total (A+B+C)	6004.82	6267.55	6783.05	4775.55
APPLICATION OF FUNDS				
D. Fixed Assets				
Gross Block	7545.43	7496.24	7365.66	7146.97
Less: Depreciation & Amortisation	5069.41	4686.67	4264.40	3799.35
Net Block	2476.02	2809.57	3101.26	3347.62
Capital Work-in-Progress	1.04	8.26	3.90	1.18
Total (D)	2477.06	2817.83	3105.16	3348.80
E. Investments	0.50	-	-	-
F. Current Assets, Loans & Advances				
Inventories	3194.76	2980.99	2391.36	918.96
Sundry Debtors	75.56	20.06	44.91	0.12
Cash and Bank Balances	62.65	45.40	920.39	182.64
Other Current Assets, Loans & Advances	194.28	403.27	321.23	325.03
Total (F)	3527.25	3449.72	3677.89	1426.75
Grand Total (D+E+F)	6004.82	6267.55	6783.05	4775.55
NETWORTH				
Share Capital	1053.79	1053.79	1053.79	1053.79
Free Reserve & Surplus	-	-	-	-
Accumulated Losses	11139.23	8919.63	7205.10	5859.22
Networth	(10085.44)	(7865.84)	(6151.31)	(4805.43)

Analysis of Profit & Loss Account

(*in Lacs*)

Particulars As on	Audited 31/03/2012	Audited 31/03/2011	Audited 31/03/2010	Audited 31/03/2009
INCOME				
Sales	6651.64	4174.61	2806.59	938.45
Other Income	45.25	4.96	2.86	37.06
Increase /(Decrease) in Stocks	201.78	572.49	1431.15	765.83
TOTAL	6898.67	4752.06	4240.60	1741.34
EXPENDITURE				
Cost of Goods Sold	6146.28	3990.99	3083.52	1355.77
Personnel Cost	493.67	448.67	366.26	193.69
Other Manufacturing & Admin. Exp.				
Stores & Spares	50.68	146.87	89.36	106.98
Repairs & Maintenance	128.23	110.01	102.46	49.09
Power & Fuel	27.71	28.17	31.04	25.13
Misc. Expenses	254.75	92.74	92.86	79.30
Ad. Related earlier years	-	-	23.81	47.88
	461.37	377.79	339.53	308.38
Excise Duty	285.25	206.80	113.38	61.63
Interest (Net)	1317.11	1051.92	1218.75	234.20
TOTAL	8703.68	6076.17	5121.44	2153.67
Profit/(Loss) before Dep. & Tax	(1805.01)	(1324.11)	(880.84)	(412.33)
Depreciation	382.75	422.27	465.05	2197.81
Profit / (Loss) before Tax	(2187.76)	(1746.38)	(1345.89)	(2610.14)
Provision for Tax	-	-	-	0.60
Profit / (Loss) after Tax	(2187.76)	(1746.38)	(1345.89)	(2610.74)
Brought forward Profit/ (Loss)	(8951.48)	(7205.10)	(5859.23)	(3248.49)
Profit available for Appropriation	(11139.24)	(8951.48)	(7205.12)	(5859.23)
Balance Carried to Balance Sheet	(11139.24)	(8951.48)	(7205.12)	(5859.23)

iv) Shareholding Pattern of BCML are as hereunder:

Category	EXISTING (31.03.2013)		POST-MERGER	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Promoters' group	99999999	40.93	99999999	40.84
Financial Institutions, Insurance Companies, Banks and Mutual Funds	39147239	16.02	39147239	15.99
Foreign Institutional Investors & Foreign Financial Institution/Banks	35911170	14.70	35911170	14.67
Private Corporate Bodies	15612176	6.39	16139067	6.59
NRIs	1367794	0.56	1367794	0.56
Trusts	68629	0.03	68629	0.02
Clearing Members	675861	0.28	675861	0.28
Indian Public	51531055	21.09	51531058	21.05
Total	244313923	100.00	244840817	100.00

KSMPL is situated at Khalilabad, U.P., which is in close proximity of the existing Babhnan unit of BCML and core area of operation of the Company. As the KSMPL is engaged in similar line of activities i.e. manufacturing of sugar, the proposed merger shall result in various locational and other synergies. Further, the proposed merger will result in saving in administrative costs and also BCML shall be able to take the benefit of brought forward business losses and unabsorbed depreciation of KSMPL as per Income Tax Act, 1961. As such, the scheme provides that all the assets, liabilities, properties, rights, title and interest of KSMPL shall stand transferred to and vested in BCML w.e.f. 1st April, 2012 on such terms and conditions as may be sanctioned by

Hon'ble BIFR. Therefore it would be strategically advantageous to the Company and the Board is of the opinion that the proposal is in the interest of the Company and its shareholders.

The approval of the Scheme is required by way of a special resolution from the Shareholders of the Company in accordance with the provisions of Section 18(3)(b) and other applicable provisions of SICA.

The Board of Directors recommends the special resolution for approval of the shareholders.

None of the Directors of the Company are in any way, concerned or interested in the resolutions.

Profiles of Directors seeking re-appointment pursuant to Clause 49 of the Listing Agreement

Name of the Director	Shri R.K. Choudhury	Dr. A.K. Saxena
Date of birth	26.01.1936	26.08.1951
Qualifications	B.Com., L.L.B.	M.Sc., Ph.D. (Botany) and has specialisation in Industrial Mycology, Bio-composting, Mushroom Production and Processing from Horst, Holland.
Expertise and experience in specific functional areas	He has vast experience in the matters of Arbitration, Litigation, Real Estate, Taxation, Legal Research, Corporate Documents etc. He is practicing as an Advocate for more than 36 years in the Calcutta High Court and Supreme Court of India.	He has wide experience of 38 years in organic manure, compost production and allied products and is associated with the Company since 2002. He has a vast knowledge on the research and development on new, methods of cane planting, products for better germination prevention of diseases & development of sugarcane and on the production and R&D on organic manure from press-mud.
Directorship held in other Companies	Lynx Machinery and Commercial Ltd, Khaitan Consultants Ltd, Puja Art Archive Ltd, Academic Foundation & Publication Pvt. Ltd. and Rajratan Impex Pvt. Ltd.	Indo Gulf Industries Ltd.
Membership in other Board Committees	Nil	Member, Audit Committee of Indo Gulf Industries Ltd.
Shareholding in the Company as on 31.03.2013	35500 equity shares.	18000 equity shares.

