



# Balrampur Chini Mills Limited

## H1 FY2008

**Revenues at Rs. 7,436.5 million**

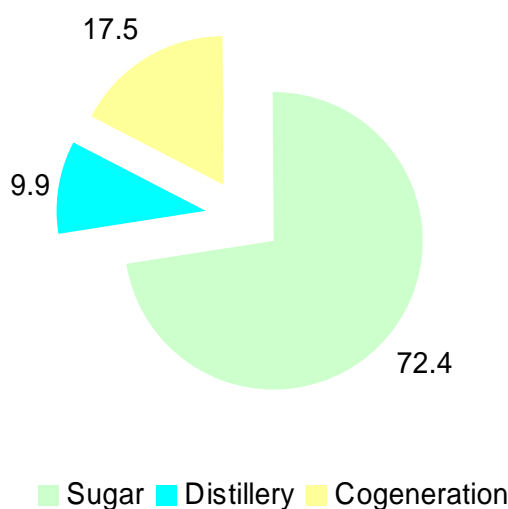
**Co-generation PBIT 55.3% to Rs. 737.9 million**

**PAT improves 67.5% to Rs. 655.9 million**

**Kolkata, April 30, 2008:** Balrampur Chini Mills Limited (BCML), one of the largest integrated sugar manufacturing companies in India, announced its results for the second quarter & half year ended 31 March 2008.

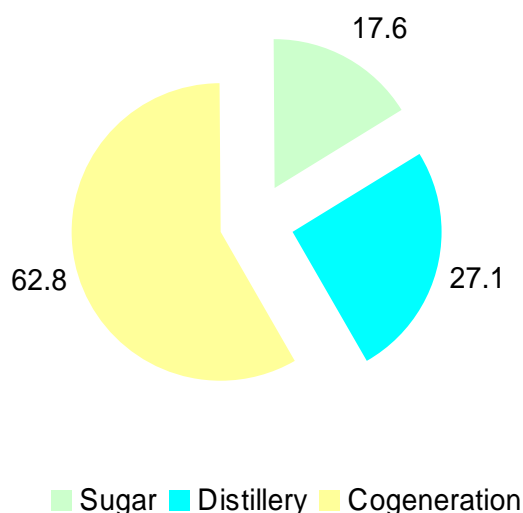
### **Financial breakup (H1 FY2008)**

#### **Revenues**



- Gross revenues from the sugar segment stood at Rs. 6,208.9 and is a significant contributor to the overall topline with a 72.5% contribution
- Co-generation business increased its contribution to revenues to 17.5% in H1 FY08

#### **PBIT**



- Co-generation business delivered Rs. Rs. 737.9 million (55.3%) to PBIT, demonstrating excellent margins and the ability to operate in a non-cyclical environment. Distillery segment contributed Rs. 317.7 million (30.3%) to operating profits
- The Company's firm belief in following the integrated model is substantiated by the earnings delivered by the Co-gen and Distillery segments



## **Key highlights**

### **Sugar**

- Sugar division delivers positive operating profits during the quarter owing to stable realizations and overall cost containment
  - During the quarter, sugarcane costs were lower in the current season 2007-08.
  - The sugar industry in U.P. pays Rs.110/- per quintal of sugarcane for season 2007- 08 as per Lucknow High Court Interim order.
  - Realizations at Rs. 14.53 per kg in Q2 FY2008 compared to Rs. 14.73 per kg in Q2 FY2007
- The Company's total crushing capacity stands at 73,000 TCD after commissioning of Greenfield integrated sugar complex at Kumbhi (8,000 TCD) and Gularia (8,000 TCD)
  - Recently commissioned Gularia unit is operating at optimal levels
- The Company crushed 546.2 lakh quintals during the quarter on account of expanded capacities
  - Sugarcane availability during the current season is lower due to lower yield per hectare

### **Distillery**

- The segment delivered increased volumes on the back of enhanced capacity at Mankapur facility (100 KLPD) – Total capacity stands at 320 KLPD
  - Moderate performance is owing to lower average realizations witnessed during the quarter
  - The Company expects realizations to improve going forward



## **Co-generation**

- Co-generation segment continued to deliver strong performance on the back of higher sales
  - Co-generation capacity expansions at Kumbhi (Saleable: 10 MW), Gularia (Saleable: 20 MW) and Rauzagaon (Saleable: 16 MW) enabled the Company to augment volumes
- Total saleable co-generation capacity currently stands at 126 MW

### **Commenting on the performance for Q2 & H1 FY2008, Mr. Vivek Saraogi, Managing Director, Balrampur Chini Mills Limited, said:**

*“Sugar business have improved in Hi FY2008 compared to previous quarters on sequential basis due to comparatively better realizations and lower sugarcane costs. However, the cane price issue still remains unresolved, but we are hoping that the judicial system in a short period of time will arrive at a solution that will be beneficial to all stakeholders.*

*We continue to embrace growth which is primarily led through volume expansion and by achieving greater production backed by our integrated operations. We have been successful in running all of our facilities across our businesses at optimal levels during the quarter enabling us deliver a healthy performance.*

*With key expansions already executed across all our business segments combined with a stable market scenario we feel more confident about achieving an economic rate of return on our investments, which will be largely supported by the integrated nature of our operations.”*



## **Q2 FY2008 performance overview (Compared with Q2 FY2007)**

- Net revenues at Rs 3,111.6 million from Rs 3,991.1 million
- PBIDT increases 131.5% to Rs 1,345.2 million from Rs 581.2 million
- PAT significantly increases to Rs 656.5 million from Rs 199.7 million, up 228.7%
- EPS increase to Rs 2.57 from Rs 0.80
- Cash EPS also increases to Rs 3.77 from Rs 1.59

## **H1 FY2008 performance overview (Compared with H1 FY2007)**

- Net revenues at Rs 7,436.5 million from Rs 7,378.8 million
- PBIDT gains 55.2% to Rs 1,727.7 million from Rs 1,112.9 million
- PAT better by 67.5% to Rs 655.9 million from Rs 391.50 million
- EPS improves to Rs 2.60 from Rs 1.58
- Cash EPS also improves to Rs 4.80 from Rs 3.05

### **Operating overview**

- Sugar production for Q2 FY2008 was higher at 0.57 million tonnes and at 0.74 million tonnes for H1 FY2008
- Expanded distillery capacity has enabled the Company to increase production significantly in the distillery division. There has been a 50.5% increase in production in Q2 FY2008 to 27,766 KL from 18,145 in Q2 FY2007
- Total power production in Q2 FY2008 stood at Rs. 336.7 million units compared to Rs. 220.1 million units in the corresponding quarter last year amounting to a 53.0% increase. Power generation went up considerably because of the capacity increase at Rauzagaon, Kumbhi and Gularia facilities.



## Attached: Details to the announcement and results table

### About Balrampur Chini Mills Limited

Balrampur Chini Mills Limited (BCML) is one of the largest integrated sugar companies in India. The allied businesses of the Company comprise distillery operations, cogeneration of power and manufacturing of bio-compost. The Company presently has nine sugar factories located in Uttar Pradesh (India) having an aggregate sugarcane crushing capacity of 73,000 TCD, distillery and cogeneration operations of 320 KLPD and 126 MW (Saleable) respectively.

BCML is one of the most efficient and profitable integrated sugar producers in the country. The Company has grown its capacity by well-planned capacity expansion projects and the acquisition of existing companies over recent years.

For more information on the Company, please log on to [www.chini.com](http://www.chini.com).

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*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, agricultural policies, climatic conditions, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Balrampur Chini Mills Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*



## Details to the announcement

### Discussions and Financial Overview

(All comparisons with Q2 & H1 FY2007 figures)

(All rupee figures in Rs. million unless stated otherwise)

#### Financial overview

Particulars	Net income	PBIDT
Q2FY2008	3,111.6	1,345.2
Q2FY2007	3,991.1	581.2
% Shift	-22.0	131.4
H1FY2008	7,436.5	1,727.7
H1FY2007	7,378.8	1,112.9
% Shift	0.8	55.2

Revenues were lower in Q2 FY2008 owing to decline in sales volume in sugar segment although the co-generation division delivered robust growth.

Sales in sugar segment were lower during the quarter however, production across businesses were notably higher. Owing to augmented capacities in sugar, distillery and co-generation segments, the Company witnessed an increase in production. BCML's total capacity stands at: Sugar - 73,000, Co-generation - 126 MW [saleable] and Distillery - 320 KLPD.

PBIDT increased considerably during the period under review as better margins were witnessed owing to overall lower costs. Operating margins for Q2 FY2008 were at 43.2% and at 23.2% in H1 FY2008.



<b>Sugar segment</b>	<b>Gross Revenues</b>	<b>% Contribution to revenues</b>
<b>Q2FY2008</b>	<b>2,469.1</b>	<b>63.0</b>
Q2FY2007	3,522.1	77.0
<i>% Shift</i>	-29.9	
<b>H1FY2008</b>	<b>6,208.9</b>	<b>72.5</b>
H1FY2007	6,563.6	79.3
<i>% Shift</i>	-5.4	

The sugar segment witnessed a decline in revenues on the back of lower sales volume and realisations in Q2 FY2008. Average sugar realization for the quarter under review stood at Rs. 14.53 per kg compared to Rs. 14.73 per kg in the corresponding quarter last year.

<b>Distillery segment</b>	<b>Gross Revenues</b>	<b>% Contribution to revenues</b>
<b>Q2FY2008</b>	<b>498.2</b>	<b>12.7</b>
Q2FY2007	457.4	10.0
<i>% Shift</i>	8.9	
<b>H1FY2008</b>	<b>847.7</b>	<b>9.9</b>
H1FY2007	663.8	8.0
<i>% Shift</i>	27.7	

The distillery segment of BCML delivered steady growth.

Production was notably higher as the overall distillery capacity has been enhanced by 100 KLPD to 320 KLPD in Q3 FY2007. Distillery sales during the Q2 & H1 FY2008 were higher at 24,350.1 KL and 42,934 KL respectively. During the quarter, the Company improved its ethanol sales to Oil Marketing Companies by 46% to 5,615.6 KL on a corresponding quarter basis.



Cogeneration segment	Gross Revenues	% Contribution to revenues
Q2FY2008	946.5	24.2
Q2FY2007	588.2	12.9
<i>% Shift</i>	60.9	
H1FY2008	1,503.1	17.5
H1FY2007	1,039.1	12.6
<i>% Shift</i>	44.7	

Higher sales has enabled the Company to deliver a strong topline in the power segment.

After capacity expansions at Rauzagaon, Kumbhi and Gularia facilities, the saleable capabilities have increased to 126 MW. All the facilities have been functioning at optimum utilization levels during the quarter and have helped the Company deliver robust performance.

## PBIT

Sugar manufacturing	PBIT	% Contribution to PBIT
Q2FY2008	438.6	42.2
Q2FY2007	(7.3)	(1.9)
<i>% Shift</i>		
H1FY2008	206.1	17.6
H1FY2007	129.5	17.3
<i>% Shift</i>	59.2	

Even though sales and realisations were subdued in the quarter, PBIT in the sugar segment improved owing to overall decrease in operating expenses.

In FY2008, sugar cane prices have been fixed at Rs. 110 per quintal by the Lucknow High Court as compared to Rs. 125/- per quintal in corresponding quarter in previous year.



Distillery segment	PBIT	% Contribution to PBIT
<b>Q2FY2008</b>	<b>170.6</b>	<b>16.4</b>
Q2FY2007	171.1	44.2
<i>% Shift</i>	<i>-0.3</i>	
<b>H1FY2008</b>	<b>317.7</b>	<b>27.1</b>
H1FY2007	243.7	32.6
<i>% Shift</i>	<i>30.4</i>	

The distillery segment of the Company delivered healthy PBIT performance largely because of increased sales witnessed in the quarter. Although average realisations during the Q2 & H1 FY2008 were subdued at Rs. 17.78 per litre and Rs. 17.76 per litre respectively.

The Company expects realisations to improve across products like RS and ENA in the coming quarters. Further, it anticipates increase in off-take by Oil Marketing Companies that should enable the Company to attain stable realisations.

Cogeneration segment	PBIT	% Contribution to PBIT
<b>Q2FY2008</b>	<b>490.5</b>	<b>47.2</b>
Q2FY2007	277.3	71.6
<i>% Shift</i>	<i>76.9</i>	
<b>H1FY2008</b>	<b>737.9</b>	<b>62.8</b>
H1FY2007	475.1	63.5
<i>% Shift</i>	<i>55.3</i>	

Backed with notable capacity enhancement and healthy realizations, the cogeneration segment of the Company has performed exceeding well at the PBIT level. Sales increased by 49.9% to 2,181.7 lakh units in Q2 FY2008 and by 32.7% to 3,510.8 lakh units in H1 FY2008. The Company sold power to Uttar Pradesh Power Corporation Ltd. (UPPCL) at Rs. 3.03 per unit.



## Earnings Overview

Particulars	PBT	PAT	Post Tax Cash Profits
<b>Q2FY2008</b>	<b>808.8</b>	<b>656.5</b>	<b>962.2</b>
Q2FY2007	237.0	199.7	393.8
<i>% Shift</i>	<i>241.3</i>	<i>228.7</i>	<i>144.3</i>
<b>H1FY2008</b>	<b>810.1</b>	<b>655.9</b>	<b>1,209.2</b>
H1FY2007	542.9	391.5	756.1
<i>% Shift</i>	<i>49.2</i>	<i>67.5</i>	<i>59.9</i>

BCML has delivered healthy bottom line growth in Q2 & H1 FY2008 on the back of strong operational performance and stable market conditions. Superior co-generation and distillery sales combined with lower input costs facilitated bottom-line growth. Allied businesses like co-generation performed notably well and should continue to give comfortable support to the Company in a non-cyclical manner.

## Operational overview

### Sugar production (Lakh quintals)

Particulars	Q2FY2008	Q2FY2007	H1 FY2008	H1FY2007
<b>Sugar crushed</b>	<b>546.2</b>	467.97	<b>726.90</b>	701.88
<b>Production</b>	<b>56.87</b>	48.81	<b>73.78</b>	70.60
<b>Recovery (%)</b>	<b>10.41</b>	10.43	<b>10.15</b>	10.06

The Company crushed higher sugarcane during the quarter owing to expanded capacities which operated at optimal production levels. Sugar production in Q2 FY2008 was higher compared to Q2 FY2007 because of increased crushing with stable recoveries.

BCML expects lower sugarcane availability in the current sugar season as a result of lower yield per hectare.



### Distillery operations (KL)

Particulars	Q2FY2008	Q2FY2007	H1FY2008	H1FY2007
Production	27,766.0	18,445.0	46,601.9	29,401.2
% Shift	50.3		58.5	

Distillery volumes in Q2 & H1 FY2008 have also improved substantially compared to Q2 FY2007 and H1 FY2007 respectively. This phenomenon is largely due to commissioning of 100 KLPD distillery unit at Mankapur unit in Q3 FY2007. The addition of the Mankapur facility has increased the overall capacity in this segment to 320 KLPD.

### Cogeneration operations (Lakh units)

Particulars	Q2FY2008	Q2FY2007	H1FY2008	H1FY2007
Power production	3,366.7	2,201.0	5,213.7	3,848.3
% Shift	53.0		35.5	

Production in Q1 & H1 FY2008 has increased sharply as the Company has commissioned three new co-generation facilities taking the total saleable capacity to 126 MW. Capacity enhancement and the optimal utilization of facilities have helped the Company to increase its volumes considerably in period under review. The Company now is the single largest producer of bagasse-based power in the country.

- ENDS -

**S.T.R.E.T.C.H**  
**Unaudited Financial Results**  
for the quarter ended 31st March, 2008

(Rs. Lacs)

Sl. No.	Particulars	Quarter Ended		Half Year Ended		Year Ended
		31.03.2008 Unaudited	31.03.2007 Unaudited	31.03.2008 Unaudited	31.03.2007 Unaudited	30.09.2007 Audited
1	<b>Net Sales/Income from Operations</b>	30803	39690	73549	73401	139172
2	Other Income	313	221	816	387	1021
3	<b>Total Income (1+2)</b>	<b>31116</b>	<b>39911</b>	<b>74365</b>	<b>73788</b>	<b>140193</b>
4	<b>Expenditure</b>					
	a) (Increase)/Decrease in Stock in trade	(58661)	(38380)	(47855)	(48622)	(21360)
	b) Consumption of Raw Materials	67157	64557	89826	97482	128099
	c) Employee Cost	2517	2168	4481	3873	7529
	d) Depreciation	3057	1941	5533	3646	8022
	e) Other Expenditure	6651	5754	10636	9926	15997
	f) Total Expenditure	<b>20721</b>	<b>36040</b>	<b>62621</b>	<b>66305</b>	<b>138287</b>
5	Interest	2307	1501	3643	2054	5442
6	<b>Profit / (Loss ) before Tax (3-4-5)</b>	<b>8088</b>	<b>2370</b>	<b>8101</b>	<b>5429</b>	<b>(3536)</b>
7	Tax Expense	1523	373	1542	1514	648
8	<b>Net Profit / (Loss ) (6-7)</b>	<b>6565</b>	<b>1997</b>	<b>6559</b>	<b>3915</b>	<b>(4184)</b>
9	Paid up Equity Share Capital (Face value of Re.1/- each)	2555	2482	2555	2482	2482
10	Reserves excluding Revaluation Reserve	-	-	-	-	83917
11	<b>Earnings Per Share (EPS)</b>					
	Basic and Diluted (Rs.)	<b>2.57</b>	<b>0.80</b>	<b>2.60</b>	<b>1.58</b>	<b>(1.69)</b>
12	Public Shareholding					
	- Number of Shares	164351820	169203770	164351820	169203770	169203770
	- Percentage of Shareholding	64.32	68.18	64.32	68.18	68.18

**Segment Wise Revenue, Results and Capital Employed**

Sl. No.	Particulars	Quarter Ended		Half Year Ended		Year Ended
		31.03.2008 Unaudited	31.03.2007 Unaudited	31.03.2008 Unaudited	31.03.2007 Unaudited	30.09.2007 Audited
1	<b>Segment Revenue</b>					
	a) Sugar	24691	35221	62089	65636	120674
	b) Distillery	4982	4574	8477	6638	14241
	c) Cogeneration	9465	5882	15031	10391	18845
	d) Others	44	54	95	153	184
		<b>39182</b>	<b>45731</b>	<b>85692</b>	<b>82818</b>	<b>153944</b>
	Less: Inter / Intra Segment Revenue	8045	5849	11591	9119	14247
	Net Sales / Income from Operations	<b>31137</b>	<b>39882</b>	<b>74101</b>	<b>73699</b>	<b>139697</b>
2	<b>Segment Results - Profit / (Loss) before tax and interest</b>					
	a) Sugar	4386	(73)	2061	1295	(10110)
	b) Distillery	1706	1711	3177	2437	5062
	c) Cogeneration	4905	2773	7379	4751	8718
	d) Others	(67)	(22)	(84)	4	(55)
	Total	<b>10930</b>	<b>4389</b>	<b>12533</b>	<b>8487</b>	<b>3615</b>
	Less: i. Interest	2307	1501	3643	2054	5442
	ii. Other un-allocable expenditure net of un-allocable income	535	518	789	1004	1709
	<b>Profit / (Loss) before tax</b>	<b>8088</b>	<b>2370</b>	<b>8101</b>	<b>5429</b>	<b>(3536)</b>
3	<b>Capital Employed (Segment Assets-Segment Liabilities)</b>					
	a) Sugar	185215	148214	185215	148214	148021
	b) Distillery	15930	16418	15930	16418	15432
	c) Cogeneration	65043	54417	65043	54417	59990
	d) Others	1365	906	1365	906	1397
	e) Unallocated	10007	(8030)	10007	(8030)	(9808)
	<b>Total</b>	<b>277560</b>	<b>211925</b>	<b>277560</b>	<b>211925</b>	<b>215032</b>

**Notes :**

- 1(a) The Company has allotted 38,300 equity shares of Re.1/- each on 31st January, 2008 & 9750 equity shares of Re. 1/- each on 7th March, 2008, at a price Rs. 74.60 per share ( Including a premium of Rs.73.60 per share) to the employees under the Employees Stock Option Scheme.
- (b) The Company has allotted 73,00,000 equity shares of Re.1/- each at a price of Rs. 92/- per share (including a premium of Rs. 91/- per share ) and 1,00,00,000 Convertible Warrants on 4th January, 2008 to the Promoter Group on preferential basis.
- (c) The amount received on preferential issue to the promoter group has been utilized fully for general corporate purpose.
- 2) In terms of an Interim Order dated 15th November, 2007 read with Order dated 21st January, 2008 of the Lucknow Bench of the Hon'ble Allahabad High Court, cane purchases have been accounted for @ Rs.110/- per qntl. for sugar season 2007- 08. The final hearing in this matter is in progress.
- 3) Sugar being a seasonal industry, the performance of any quarter may not be representative of the annual performance of the Company.
- 4) The statutory auditors have carried out a " Limited Review" of the results for the quarter ended 31st March, 2008.
- 5) The above Financial Results were reviewed by the Audit Committee and were taken on record by the Board of Directors at its meeting held on 30th April, 2008 at Kolkata.
- 6) During the quarter ended 31st March, 2008, thirty Seven (37) Investor complaints were received which were promptly attended to by the Company. No complaints were pending either at the beginning or at the end of the quarter.
- 7) Previous quarter's / year's figures have been regrouped/ rearranged wherever considered necessary.

For and on behalf of the Board of Directors of  
Balrampur Chini Mills Limited  
sd/-

Kolkata  
30th April, 2008

Vivek Saraogi  
Managing Director

**BALRAMPUR CHINI MILLS LTD.**

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