# BALRAMPUR CHINI MILLS LIMITED

**21 March 2007**

# CONTENTS

# INDIAN SUGAR INDUSTRY OVERVIEW

# Indian Sugar Industry: Size & Overview

- Size :  Rs. 360 Bn annually [ US$ 8 Billion ]
- Contributes Rs.30 Bn Crores to exchequer  [ US$ 600 Million ]
- Comprises 7.5 per cent of  India's rural population
- Number of farmers  5 Million
- Rs.230 Bn  payment to cane farmers every year [ US$ 5 Billion approx.]
- Govt continues to decontrol the industry
  - Sugar industry delicenced in August 1998
  - Levy component  was reduced from 40% to 10 % in Mar 2002
  - Forward and Futures trading permitted in sugar
  - Usage of 5% Ethanol with petrol
- Comprehensive policy to encourage cogeneration of power
- India's increasing power, alcohol and ethanol demand make co-products extremely attractive, improves overall realization opportunity

# Indian Sugar Industry – An overview

- Indian sugar industry is fragmented. There are 450 sugar mills in India
- 50% of sugar production under co-operative mode
- Average crushing capacity is about 3500 TCD
- Uttar Pradesh [North] and Maharashtra [West] produce 60% of sugar in India
- Cultivation of cane still depends on monsoon
- Crushing season begins in October and ends in April/May
- Can play a major role in development of rural India

# Synopsis of Indian Sugar Industry

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|---|---|
| Cane Acerage ('000 Hectares) | 4,316.0 | 4,412.0 | 4,520.0 | 4,023.0 | 3,661.0 | 4,245.0 |
| Cane Production (Lac tonnes) | 2,960.0 | 2,972.0 | 2,874.0 | 2,373.0 | 2,371.0 | 2,784.0 |
| Yeild of cane per hectare (tonnes) | 68.6 | 67.4 | 63.6 | 59.0 | 64.8 | 65.6 |
| Cane Crushed (Lac Tonnes) | 1,767.0 | 1,803.0 | 1,943.0 | 1,325.0 | 1,248.0 | 1,885.0 |
| Sugar Production (Lac Tonnes) | 185.2 | 185.3 | 201.4 | 135.5 | 126.9 | 192.2 |
| Recovery (%) | 10.5 | 10.3 | 10.4 | 10.2 | 10.2 | 10.2 |
| Average Duration (Days) | 149.0 | 151.0 | 155.0 | 113.0 | 113.0 | 150.0 |

**Source : Indian Sugar Mills Association [ISMA]**

**[ 10 Lacs = 1 Million ]**

# Production, Consumption & Closing Stock

| | [ In Million tonnes] | | | | | |
|---|---|---|---|---|---|---|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07[P] | 2007-08[P] |
| Opening Stock as on 1st Oct. | 11.32 | 11.66 | 8.44 | 4.63 | 4.23 | 8.23 |
| Production during Season | 20.14 | 13.99 | 12.69 | 19.20 | 25.00 | 26.00 |
| Imports [Raw Sugar] | 0.04 | 0.30 | 2.00 | - | - | - |
| Total Availability | 31.50 | 25.95 | 23.13 | 23.83 | 29.23 | 34.23 |
| Off-take | | | | | | |
| a) Internal Consumption | 18.34 | 17.29 | 18.50 | 18.50 | 19.50 | 20.00 |
| b) Exports | 1.50 | 0.22 | - | 1.10 | 1.50 | 2.00 |
| Total offtake | 19.84 | 17.51 | 18.50 | 19.60 | 21.00 | 22.00 |
| Closing Stock on 30th Sept. | 11.66 | 8.44 | 4.63 | 4.23 | 8.23 | 12.23 |
| SOURCE : Indian Sugar Mills Association [ISMA] | | | | | | |

# State-wise Production - Four Seasons

| | | | | | |
|---|---|---|---|---|---|
| | | | | | Figures in Lac Tons |
| Zone | Estimated | SEASON | | | |
| | Production | Production | 2004-05 | 2003-04 | 2002-03 |
| | 2006-07 | 2005-06 | | | |
| East U P | 27.00 | 20.93 | 16.02 | 13.99 | 19.80 |
| West U P | 24.00 | 19.13 | 18.35 | 17.00 | 18.45 |
| Central U P | 24.50 | 17.78 | 16.01 | 14.52 | 18.26 |
| | | | | | |
| UTTAR PRADESH | 75.50 | 57.84 | 50.38 | 45.51 | 56.51 |
| UTTARANCHAL | 4.50 | 4.26 | 3.82 | 3.87 | 4.98 |
| BIHAR | 5.00 | 4.22 | 2.54 | 2.74 | 4.08 |
| PUNJAB | 4.00 | 3.38 | 3.15 | 3.90 | 5.87 |
| HARYANA | 6.00 | 4.09 | 4.00 | 5.82 | 6.36 |
| RAJASTHAN | 0.06 | 0.06 | 0.04 | 0.10 | 0.02 |
| MADHYA PRADESH & CHATTISGARH | 1.12 | 1.12 | 0.82 | 1.10 | 0.75 |
| GUJARAT | 14.50 | 11.68 | 7.97 | 10.66 | 12.51 |
| MAHARASHTRA | 74.00 | 51.97 | 22.17 | 31.75 | 62.15 |
| KARNATAKA | 22.50 | 19.43 | 10.47 | 11.16 | 18.68 |
| ANDHRA PRADESH | 16.22 | 12.36 | 9.82 | 8.86 | 12.10 |
| TAMIL NADU / PONDICHERRY | 26.00 | 21.70 | 11.24 | 9.41 | 16.78 |
| KERALA / GOA | 0.10 | 0.11 | 0.08 | 0.10 | 0.14 |
| ORISSA | 0.45 | 0.40 | 0.44 | 0.41 | 0.39 |
| WEST BENGAL, ASSAM & NAGALAND | 0.05 | 0.05 | 0.05 | 0.07 | 0.08 |
| ALL INDIA | 250.00 | 192.67 | 126.99 | *135.46 | 201.40 |
| | | | | | |
| *EXCLUDING RAW SUGAR RE-PROCESSED | | | | | |

# INDIAN SUGAR INDUSTRY: KEY POLICIES AND REGULATIONS

# UP Sugar Industry Promotion Policy 2004

**FIXED CONCESSIONS**

- Capital Subsidy @ 10% of capital investment
- Remission in Stamp Duty & Registration Charges on land purchase

**VARIABLE CONCESSIONS DEPENDING ON PRODUCTION**

- Cane Transportation Expenses – reimbursement
- Cane Society Commission – reimbursement
- Cane Purchase Tax – Exemption
- Entry Tax on sugar – exemption
- Sugar Transportation Expenses – reimbursement
- Administrative charges on molasses – exemption
- Trade Tax on molasses – exemption

**ELIGIBILITY CRITERIA**

- Cane Capital Investment of Rs. 350 crores by 31st March 2007
- Commercial production to commence by 31st March 2007
- Direct employment of atleast 1000 persons

The overall concession will be limited to the extent of new investments made and will be available for a period of ten years in case investments are above Rs. 500 Crores and for five years if investment is over Rs. 350 Crores

**BCML WILL QUALIFY FOR THE CONCESSIONS**

# Ethanol - Government encouraging mixing of alco-fuel with petrol

- 5% Ethanol blending with petrol has been made mandatory effective 1st Oct 2003 in nine sugar producing States. Level of blending likely to be increased to 10% . Govt. also exploring admixture with diesel. This is expected to save substantial forex
- Ethanol being eco friendly could replace use of MTBE as an Oxygenate in fuel, thus lowering the emission of green house gases
- To increase demand for alcohol and thereby molasses
- Value of fuel ethanol Rs. 600 Cr. – likely to go up to Rs. 3000 Cr

  [600 Million Ltrs at 5%]

# Co-generation attractive

- Electricity Bill 2003 passed encouraging for power sector
- Sugar industry can generate 4000 MW surplus power by using bagasse a by product
- 100% captive power requirement currently generated from bagasse-fired boilers
- 10% of incremental power in the country to come from renewable energy source
- Power generation from bagasse comes under clean power and eligible to get carbon emission trading benefits
- Govt to provide soft loans from Sugar Development Fund to encourage cogeneration at an interest of 4%
- Power distributors in India have to buy a certain percentage of power from renewable energy source as per 86 (1) (e) of Electricity Act 2003
- Power produced under cogen is tax free
- Unit cost of power generated drops as the quantum generated increases
- In 2006-07, company will be selling 85.2 MW to the U P State power grid
- Cogeneration of power is non-cyclical business

# Power from Bagasse

- All sugar factories are equipped to generate power to meet their captive requirement of steam and power
- Surplus bagasse available after meeting requirement for captive power generation is about 10% of cane crushed
- Surplus bagasse can be sold to paper manufacturers or alternatively be used for power generation to be sold to grid / third party
- BCML has long term Power Purchase Agreement in place with Uttar Pradesh Power Corporation Ltd for supply of surplus power generated. The present rate is Rs. 2.89 per KWH with an escalation of 4 Paise per KWH

# BCML – HISTORY
# AT A GLANCE

# Key Milestones

- 1975 – Incorporated as BCML and commenced operations at Balrampur unit
- 1990 – Acquired Babhnan Sugar Mill Limited
- 1995 – Diversified into distillery operations at Balrampur
- 1998 – Acquired Tulsipur Sugar Company Limited
- 2003 – Ventured into bagasse based power generation with first unit at Balrampur ; Set up First Integrated Sugar Complex at Haidergarh
- 2005 – Acquired Rauzagaon unit from Dhampur Sugar Mills, established a greenfield sugar plant at Akbarpur
- 2006 – Commissioning of Mankapur Unit
- 2006 - Acquired Indo Gulf Industries Ltd having a sugar crushing capacity of 3000 TCD in Eastern U.P.

# BCML Data Sheet [Summary]

| FINANCIAL | As on 31.12.2006 |
|---|---|
| REVENUE [TURNOVER] | Rs. 3527.2 Million |
| PAT | Rs. 191.8 Million |
| EQUITY CAPITAL | Rs. 248.2 Million |
| | |
| **CAPACITIES** | **As on 31.12.2006** |
| SUGAR CRUSHING CAPACITY | 55,500 TCD |
| POWER SALEABLE CAPACITY | 85.2 MW |
| DISTILLATION | 160 KLPD |

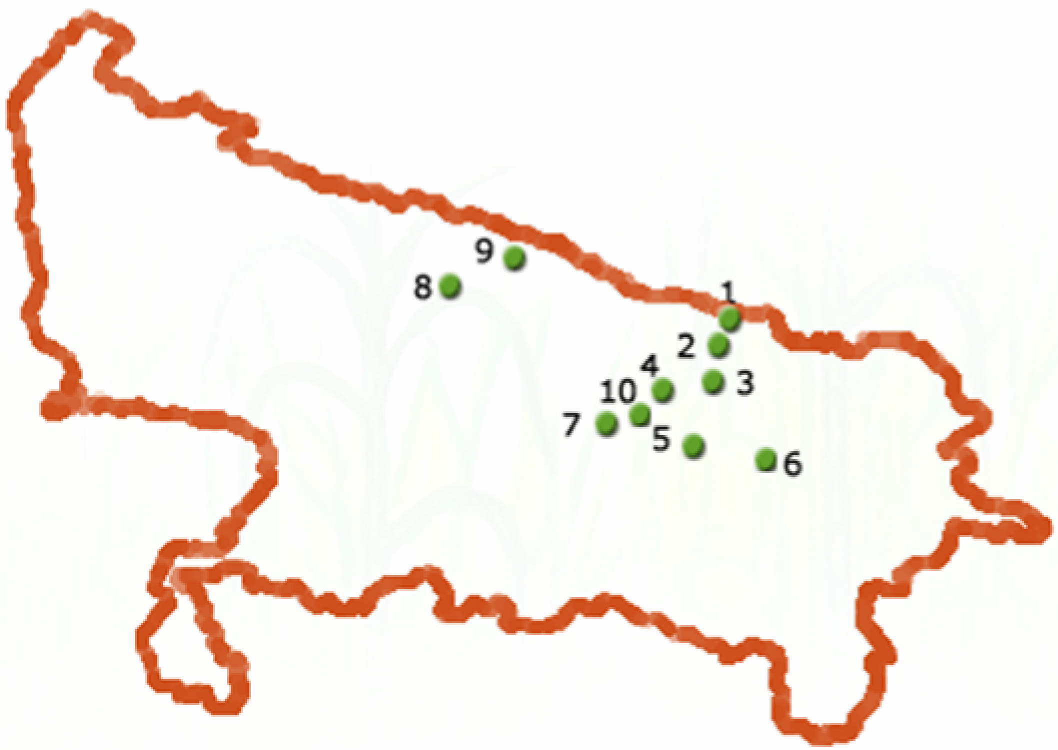
| LISTING AT | BSE, NSE & CSE |
|---|---|
| NSE SYMBOL | BALRAMCHIN |
| BSE SYMBOL | 500038 |
| CSE SYMBOL | 12012 |
| REUTER CODE | NSE - BACH.NS & |
| | BSE - BACK.BO |
| LUXEMBOURG [GDR] | |
| Reg. S | US 0587882095 |
| Rule 144A | US 0587881006 |

In January 2006 the company did a GDR issue with the GDR's being listed on the Luxembourg Stock Exchange Each GDR represents one equity share of Re.1/- each, issued at a prcie of Rs.135/- per share

| SHAREHOLDING PATTERN [%] | As on 31.12.2006 |
|---|---|
| PROMOTERS | 31.82 |
| FI's | 10.36 |
| FII's | 21.24 |
| FOREIGN BODY | 6.89 |
| [Citicorp Financial as part of Private Equity] | |
| PRIVATE CORPORATE | 6.93 |
| NRI's | 0.47 |
| PUBLIC | 22.15 |
| GDR HOLDING | 0.14 |
| TOTAL | 100.00 |

BCML has been the first ever to attract Foreign Direct Investment in Indian Sugar Industry

# Factory Locations




1. Tulsipur
2. Balrampur
3. Mankapur
4. Babhnan
5. Haidergarh
6. Akbarpur
7. Rauzagaon
8. Kumbhi
9. Gularia
10. Maizapur

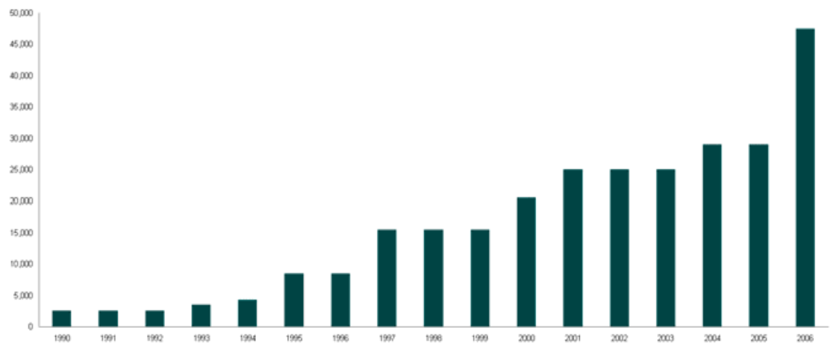
# BCML – At a glance

| UNITS | SUGAR CAPACITY [TCD] | DISTILLERY [KLPD] | COGEN POWER [MW] INSTALLED CAPACITY | COGEN POWER [MW] SALEABLE CAPACITY | BIO COMPOST [TONS] |
|---|---|---|---|---|---|
| BALRAMPUR | 12000 | 160 | 24.55 | 22.25 | 30000 |
| TULSIPUR | 7000 | - | - | - | - |
| BABHNAN | 9000 | 60 | - | - | 18000 |
| HAIDERGARH | 5000 | - | 23.25 | 17.95 | - |
| RAUZAGAON*** | 7500 | - | 25.00 | 16.00 | - |
| AKBARPUR | 7000 | - | 18.00 | 11.00 | - |
| MAIZAPUR | 3000 | - | - | - | - |
| MANKAPUR | 8000 | 100 | 34.00 | 22.00 | 20000 |
| GULARIA* | 8000 | - | 31.00 | 20.00 | 30000 |
| KUMBHI** | 8000 | - | 20.00 | 11.00 | - |
| TOTAL | 74500 | 320 | 175.80 | 120.20 | 98000 |

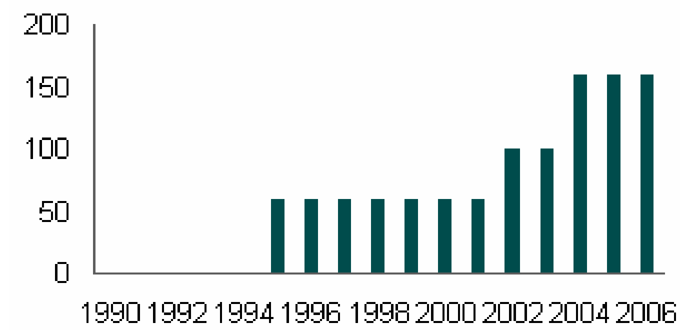
*Expected to be operational by November 2007
** Expected to be operational by April 2007
***Power Plant to commence with expanded capacity from November 2007.

# Capacity Expansions in the History of BCML

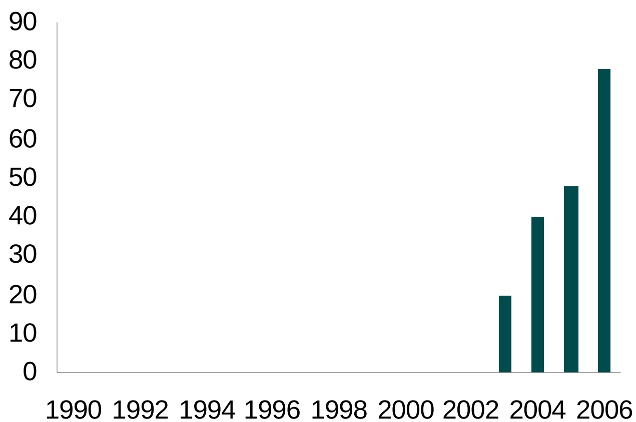
**Sugar (TCD)**



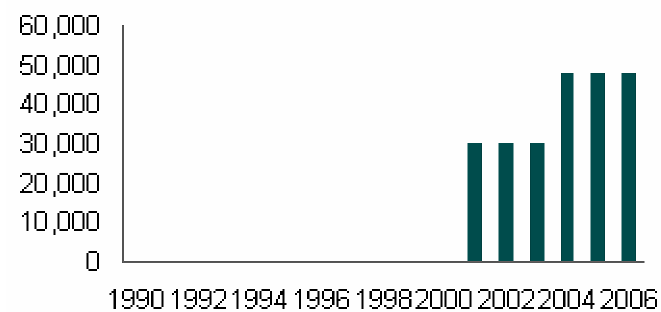
**Distillery (KLPD)**




**Power (MW)**




**Bio-compost (MT)**



# BCML – BUSINESS MODEL AND FUTURE PLANS

# Business Model – Sugar is an Energy Crop

- Better inter plant synergies and utilisation of by products resulting in substantial value addition and greater hedge against sugar cycle
- Ground water available at 75 ft and hence area naturally suited for sugar cane crop
- No threat of competition from alternate sweeteners like Gur / Khandsari
- First step towards integration initiative began in 1995 by setting up of 60 KLPD distillery for utilisation of molasses which is now being enhanced to 160 KLPD
- To take benefits of emerging scenario, a distillery of 60 KLPD set up at Babhnan for producing ethanol in March 2004
- Began integration plan further by setting up 19.55 MW cogen plant in Mar 2003 at Balrampur for utilisation of surplus bagasse
- The company implemented a greenfield fully integrated, automated and state-of-the art sugar complex at Haidergarh, including 23.25 MW power plant in Nov. 2003

# Business Model – Processing of Buy Products and Further Expansion

- Company commissioned a sugar plant having 7000 TCD and 18 MW cogeneration facility at Akbarpur with a capex of Rs. 234 Cr.in Nov. 2005
- <u>Byproducts consumed  inhouse leads to substantial value addition</u>
- <u>Commissioned  a sugar plant</u> of 8000 TCD in Eastern U.P. at Mankapur  in November 2006
- Mankapur Unit  has 34 MW [saleable 22 MW] power generation  and 100 KLPD Industrial Alcohol distillery facility at an estimated capex of Rs. 370 Cr
- Acquired sugar capacity of 7500 TCD in Oct 2005 along with 12 MW power of Dhampur Sugar Mills Ltd . This is an all cash deal at Rs. 182 Cr. The unit is located in Rauzagaon in East U.P. near to existing sugar capacities of the company, having huge potential of growth

# Business Model – A conservative financing model

- From Nov'06 Sugar crushing capacities will touch 55500 TCD, Distillery capacity 320 KLPD and Cogeneration saleable power 85.20 MW
- From November'07 sugar crushing capacities will touch 74,500 TCD, Distillery capacity 320 KLPD and Cogeneration saleable power 121.2 MW

# Future Plans

- BCML is setting up two green field integrated sugar complexes in Kumbhi & Gularia in Central U.P. with cane crushing capacity of 8000 tcd each. These two units will have 51 MW cogen facility. Capital outlay of these green field integrated sugar complexes would be close to Rs. 700 Cr
- BCML is presently modernizing power generating capacity in Rauzagaon Unit, with a capital outlay of Rs. 80 Cr. which will enhance power generating capacity of the Unit. Unit will sell 16 MW of electricity
- Financing of above projects would be through debts and internal accruals

# BCML – MANAGEMENT AND ORGANISATION STRUCTURE

# Balrampur – Farmer Relationship, Technology & Infrastructure, Quality & Production, Human Resources

- Enjoys extremely good relationship with farmers in its command area
- Company instals latest technology and machinery to achieve the highest operational result
- Latest machines, technology and infrastructure help team to produce finest quality sugar and alcohol
- BCML has a team of dedicated, committed and trained professional comprising Engineers, Chemists, Human Resource, Agriculturists, Finance, Accounts, Taxation & Administration

# BCML - Recognitions

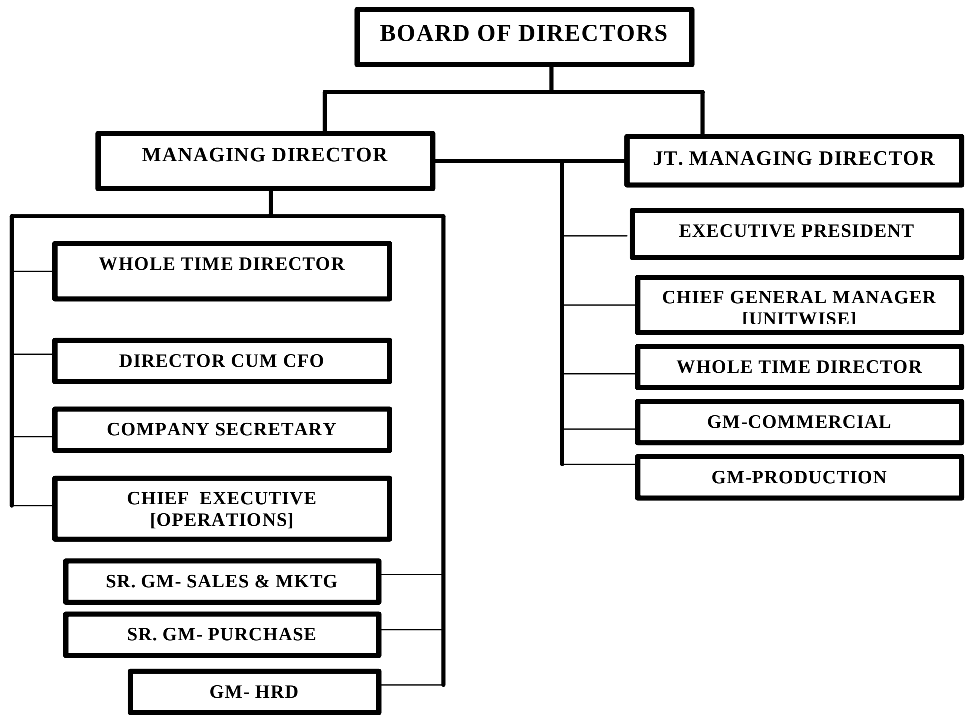
- **Balrampur Chini among India's 24 Gems in *Forbes* List of rising Asian firms - 2005**
- In *Forbes* list of 100 best smaller-size enterprises in both Asia Pacific and Europe, the number of Indian companies is next only to UK's. And India is ahead of industrial powers such as Japan, Germany, France, Italy and China
- The study has a cap of $1 billion a year on the company revenue
- Sustained gains in sales and returns and latest year market momentum were considered for the ranking. It also looked for companies with a track record of rewarding their shareholders
- The magazine felt that these companies represented `economic dynamism' in the two regions

# BCML - Recognitions

- **Balrampur Chini selected as the top Indian company in the Sugar sector for prestigious Dun & Bradstreet – American Express Corporate Awards 2006**
- **Balrampur Chini selected as one of the 200 ‘Best Under a Billion” companies listed in Forbes Asia, October 30, 2006 Issue.** Selection based on track records of continued growth and profitability of the company, competent management teams with business models aimed to achieve the desired goals

# Organizational set up

**BALRAMPUR CHINI MILLS LTD**



# Profile of Directors

- **SRI . KAMAL NAYAN SARAOGI**, *Chairman*, 61, is a graduate in commerce. He promoted the company in 1975. He brings with him 39 years of experience in the sugar industry. He does not hold directorship in any other company

- **SRI . VIVEK SARAOGI**, *Managing Director*, 39, was the past President of the Indian Sugar Mills Association and the Chairman of Indian Sugar and General Industry Export Import Corporation Ltd. Sri. Saraogi is a graduate in commerce. Under his stewardship, the company has grown rapidly through organic and non-organic means which has helped make Balrampur a leader in the Indian sugar industry

- **SMT. MEENAKSHI SARAOGI**, *Joint Managing Director*, 61, is a graduate in Art. She looks after the factory operations and is the driving force behind the organisation. She has spent 25 years in the business and was awarded the 'Padmashree' in 1994 for her contribution to the sugar industry

- **SRI. SURESH NEOTIA,** *Director*, 69, a law graduate from Kolkata University, is the co-founder and chairman of Gujarat Ambuja Cements Limited. He has wide interest in business and has served on the board of several leading Indian companies. A collector of Indian art, his collection has been exhibited in several International Museums and in the Festivals of India in London, Paris and New York. He is the president of Anamika Kala Sangam, founder of Padatik and a trustee of Victoria Memorial Trust

- **SRI. SUDHIR JALAN**, *Director*, 60, is a commerce graduate and an MBA from IIM, Kolkata. He is the past president of FICCI (the Federation of Indian Chambers of Commerce and Industry) and serving on the Board of several Indian companies. He has been the President of several associations such as the Indian Chamber of Commerce and Industry, Indian Council of Arbitration, All India Organisation of Employers, Indian Soap and Toiletries Makers' Association

- **SRI. R.K. CHOUDHURY**, *Director*, 69, a leading advocate practicing mainly in Kolkata, has wide experience in the matters of taxation, corporate planning and international arbitration. Apart from his legal practice, he is on the Board of Directors of several leading industrial houses of India. As a professional personality, he is a member of the International Bar Association, Supreme Court Bar Association, Bar Council of India and Indian Council of Arbitration. He is also connected with several social and philanthropic organizations

- **SRI. S.B. BUDHIRAJA,** *Director*, 74, is an independent management consultant, a gold medallist in Mechanical Engineering from the University of Roorkee. He was the youngest-ever Managing Director of Indian Oil Corporation from 1974-78. He has also been the Managing Director of IBP, Balmer Lawrie, and Indian Oxygen, during his career. He was Overseas Director, Al Futtaim Group U.A.E. Mr. Budhiraja was invited in 1982-83 as a Fellow, Centre for International Affairs, Harvard University. He is a Fellow of the All India Management Association, and the Institute of Management Consultants of India. He was President, Indian Chamber of Commerce, Kolkata in 1989-90 and chairman CII Eastern Region in 1988-89

# Profile of Directors

- **SRI. M.M. MUKHERJEE,** *Director*, 61, a university rank holder in Political Science from Calcutta University, he also holds an Associate diploma from Insurance Institute of India, Mumbai. He joined Life Insurance Corporation of India in 1966. In his long career in LIC spanning over 37 years, he has held various positions including Secretary (Marketing), Zonal Office, Kanpur, Senior Divisional Manager, Howrah and Kolkata Sub-Urban Divisions, Regional Manager (Marketing), Zonal Office,Kanpur. Before retirement he was the Zonal Manager In-charge of LIC operations in Northern Zone, New Delhi
- **SRI. NARESH CHANDRA,** *Director*, 71, joined the Indian Administrative Service in 1956. He held many posts in Government of India and Government of Rajasthan. He was also Finance Secretary and Chief Secretary to the Government of Rajasthan, Advisor to Governor of J & K, Secretary and Cabinet Secretary to Government of India, Senior Adviser to Prime Minister of India, Governor of Gujarat and Ambassador of India to the U.S.A. He was the Chairman, Committee on Corporate Governance set up by Union Ministry of Finance and Company Affairs
- **SRI. P. R. SRINIVASAN,** *Director*, 40, is B E Mechanical Engineering with first class with Distinction and MBA from Indian Institute of Management, Bangalore. He is at present Vice President of CVC International, Citibank NA, Mumbai since September 2002 and also alternate Director of Yes Bank. He was also Chief Representative of HSBC Private Equity, Mumbai / New Delhi during 1995 to 2002, Investment Manager of ICICI Ventures, Bangalore during 1992 to 1995

- **SRI. KEDAR NATH RANASARIA,** *Whole-time Director*, 71, having more than 42 years experience in sugar industry. He is M.A. in (Sahityaratana), degree, working with the Company since inception. He was also the Secretary and Chief Executive of the Company
- **SRI. RAM NAYAK MISRA,** *Whole-time Director*, 67, MA in Geography, rose from within the ranks of Balrampur Chini Mills Ltd, which he joined the group in 1962. He possesses vast experience in all the departments of the company's working combined with a technical knowledge of the plant and machinery. Mr. Misra brings to the Board over 42 years of experience in the sugar industry
- **SRI KISHOR SHAH,** *Director cum Chief Financial Officer*, 42 years, is a Commerce Graduate and a Chartered Accountant. Joined the company in 1994 as Finance Executive. Later promoted as Chief Financial Officer. On 31st January 2006, he joined the Board of the Company

# BCML - FINANCIALS

# Segment-wise contribution in turnover

| | Qtr 1 : FY 2006-07 | | September'06* | | March | | March | |
|---|---|---|---|---|---|---|---|---|
| | Rs. In | | Rs. In | % | Rs. In | % | Rs. In | % |
| Products | Million | % | Million | 2006 | Million | 2005 | Million | 2004 |
| Sugar | 2990.6 | 84.4 | 17,542.6 | 88.2 | 6,564.5 | 80.4 | 5,136.2 | 76.1 |
| Alcohol | 202.0 | 5.7 | 1,341.5 | 6.7 | 1,101.8 | 13.5 | 1,193.4 | 17.7 |
| Power | 348.4 | 9.8 | 1,002.4 | 5.0 | 480.2 | 5.9 | 402.9 | 5.9 |
| Others | 2.8 | 0.1 | 11.5 | 0.1 | 16.6 | 0.2 | 12.6 | 0.3 |
| Total | 3,543.8 | 100.0 | 19,898.0 | 100.0 | 8,163.1 | 100.0 | 6,745.1 | 100.0 |

*for 18 months ended 30 Sept 06

# Segment-wise contribution to PBIT

| | Q1: FY 2006-07 | | Sept 06* | | March | | March | |
|---|---|---|---|---|---|---|---|---|
| Products | Rs. In Million | % 2006 | Rs. In Million | % 2006 | Rs. In Million | % 2005 | Rs. In Million | % 2004 |
| Sugar | 88.4 | 24.47 | 3,025.7 | 75.76 | 1,305.6 | 67.93 | 709.5 | 66.68 |
| Alcohol | 72.6 | 20.09 | 385.3 | 9.65 | 346.1 | 18.01 | 144.8 | 13.61 |
| Power | 197.7 | 54.73 | 585.3 | 14.66 | 268.7 | 13.98 | 210.8 | 19.81 |
| Others | 2.5 | 0.71 | (2.4) | (0.06) | 1.5 | 0.08 | (1.0) | (0.09) |
| Total | 361.2 | 100.00 | 3,993.9 | 100.0 | 1,921.9 | 100.0 | 1,064.1 | 100.0 |

* For 18 months ended September 2006

# Cane Crushing , Production, Recovery

Details of the cane crushing, production and recovery year to year in respect of existing Units are presented below :

| Years | Cane Crushing [ Million Tons ] | | Production [ Million Tons] | | Recovery % of cane crushed | |
|---|---|---|---|---|---|---|
| | **SS** | **FY** | **SS** | **FY** | **SS** | **FY** |
| **2001-02** | **4.10** | **3.06** | **0.41** | **0.30** | **10.00** | **9.85** |
| **2002-03** | **4.80** | **3.86** | **0.47** | **0.40** | **9.82** | **10.38** |
| **2003-04** | **3.63** | **5.60** | **0.36** | **0.54** | **10.03** | **9.68** |
| **2004-05** | **4.15** | **3.86** | **0.42** | **0.39** | **10.21** | **10.15** |
| **2005-06*** | **5.82** | **6.22** | **0.60** | **0.64** | **10.24** | **10.25** |

*** for 18 months ended September 2006**

# Sugar Efficiency

- Balrampur achieves highest operational efficiency in production
- The sugar recovery is the highest in east U.P

| | Percentage | | | |
|---|---|---|---|---|
| | 2002-03 [SS] | 2003-04 [SS] | 2004-05 [SS] | 2005-06 [SS] |
| **BALRAMPUR** | 9.85 | 10.07 | 10.30 | 10.24 |
| **BABHNAN** | 10.04 | 10.28 | 10.53 | 10.32 |
| **TULSIPUR** | 9.40 | 9.72 | 9.55 | 9.92 |
| **HAIDERGARH** | - | 9.86 | 10.15 | 10.00 |
| **AKBARPUR** | - | - | - | 10.50 |
| **RAUZAGAON** | - | - | - | 10.27 |
| **EAST UP [AVERAGE]** | 9.53 | 9.93 | 10.12 | 10.26 |
| **SS : Sugar Season** | | | | |

# Financials

| | Qtr 1 | | | | | Rs. Million |
|---|---|---|---|---|---|---|
| | Fin. Year | FY ENDED ON 31ST MARCH | | | | |
| | 2006-07 | 2002 | 2003 | 2004 | 2005 | Sept 2006* |
| Gross Sales | 3,527.2 | 5,489.5 | 6,675.8 | 8,022.9 | 9,302.6 | 19,897.7 |
| Total income [incl.stock adjustment] | 4,412.0 | 5,048.6 | 5,757.4 | 8,150.5 | 8,539.2 | 16,240.0 |
| *Raw Materials* | *3,285.3* | *3,273.0* | *3,950.4* | *5,494.5* | *4,741.5* | *8,246.7* |
| PBIDT | 531.7 | 933.4 | 722.5 | 1,294.0 | 2,201.1 | 4,664.9 |
| Interest | 55.2 | 169.1 | 135.5 | 198.0 | 189.3 | 345.1 |
| Depreciation | 170.6 | 199.9 | 212.8 | 302.3 | 372.7 | 670.9 |
| Pre-Tax profit | 305.9 | 564.4 | 374.2 | 793.7 | 1,639.1 | 3,648.9 |
| PAT | 191.8 | 473.4 | 295.1 | 604.9 | 1,250.6 | 2,915.9 |
| Equity Capital | 248.2 | 189.7 | 189.7 | 189.7 | 231.8 | 248.2 |
| Reserves [excluding rev.reserve] | 9,000.4 | 1,995.1 | 2,173.4 | 2,563.6 | 4,686.0 | 8,808.3 |
| Long Term Loans | 5,064.9 | 683.9 | 1,347.2 | 2,150.4 | 2,000.1 | 3,542.9 |
| * For 18 months ended September 2006 | | | | | | |

# Financial Performance Ratios

| | | | | | *Sept |
|---|---|---|---|---|---|
| **Financial Year Ended 31st March** | **2002** | **2003** | **2004** | **2005** | **2006** |
| PBIDT / TOTAL TURNOVER [ % ] | 17.00 | 10.82 | 16.13 | 23.68 | 23.44 |
| INTEREST / TOTAL TURNOVER [ % ] | 3.08 | 2.03 | 2.47 | 2.04 | 1.73 |
| INTEREST COVER [ X ] | 5.52 | 5.35 | 6.55 | 11.66 | 13.59 |
| PBDT / TOTAL TURNOVER [ % ] | 13.92 | 8.79 | 13.66 | 21.64 | 21.71 |
| NET PROFIT / TOTAL TURNOVER [ % ] | 8.62 | 4.42 | 7.54 | 13.45 | 14.65 |
| CASH FLOW / TOTAL TURNOVER [%] | 12.27 | 7.61 | 11.31 | 17.46 | 18.03 |
| R O C E [ % ] | 19.44 | 14.33 | 18.82 | 26.11 | 40.12 |
| CAPITAL OUTPUT RATIO [%] | 114.31 | 132.41 | 116.72 | 110.26 | 171.13 |
| *For 18 months ended September 2006 | | | | | |

# Balance Sheet Ratios

| | | | | | *Sept |
|---|---|---|---|---|---|
| Financial year ended on 31st March | 2002 | 2003 | 2004 | 2005 | 2006 |
| DEBT EQUITY RATIO [ % ] | 0.31 | 0.57 | 0.78 | 0.41 | 0.39 |
| INVENTORY TURNOVER [DAYS] | 178 | 151 | 178 | 167 | 25 |
| CURRENT RATIO [ % ] | 1.08 | 1.27 | 1.51 | 1.49 | 1.10 |
| QUICK RATIO | 0.20 | 0.31 | 0.31 | 0.38 | 0.79 |
| ASSET TURNOVER RATIO | 0.84 | 0.88 | 0.78 | 0.79 | 1.11 |
| *For 18 months ended September 2006 | | | | | |

# Per Share Data [Rs.]

| | | | | | ***Sept |
|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | **2005 | 2006 |
| EARNINGS [DILUTED] | 2.46 | 1.54 | 3.16 | 6.16 | 12.19 |
| CASH EARNINGS | 3.50 | 2.65 | 4.73 | 7.99 | 15.00 |
| DIVIDEND | 0.85 | 0.55 | 1.00 | 1.60 | 3.50 |
| BOOK VALUE | *115.00 | 124.00 | 145.00 | 21.15 | 36.31 |
| DIVIDEND PAYOUT [%] | 34.06 | 39.89 | 35.39 | 33.85 | 33.96 |
| NET INDEBTEDNESS PER SHARE | 3.60 | 7.10 | 11.22 | 8.63 | 14.28 |

*   After adjustment of deferred tax liability

** Face value of equity shares has been reduced from Rs.10 to Re.1 w.e.f  31st March '05.

For comparison purpose, figures for earlier years have been calculated taking equity share value of Re. 1 each

*** For 18 months ended September 2006

# Financial Results

[Rs. Million, unless otherwise specified]

| Sl. No. | Particulars | Reviewed 15 months ended 30-Jun-06 | Audited Quarter ended 30-Sep-06 | Reviewed Quarter ended 30-Sep-05 | Audited 18 months ended 30-Sep-06 | Audited year ended 31-Mar-05 | Revised Quarter ended 31-Dec-06 | Revised Quarter ended 31-Dec-05 |
|---|---|---|---|---|---|---|---|---|
| **1 .** | **Gross Turnover** | **15,836.1** | **4,061.6** | **3,014.8** | **19,897.7** | **9,296.1** | **3,527.2** | **3,005.8** |
| 2 . | Net Sales/Income from Operation | 15,102.0 | 3,882.2 | 2,875.7 | 18,984.2 | 8,127.2 | 3,371.1 | 2,867.8 |
| 3 . | Other Income | 47.8 | 20.4 | 3.6 | 68.2 | 29.4 | 16.6 | 6.9 |
| 4 . | Total Expenditure | 11,095.4 | 3,292.1 | 2,315.4 | 14,387.5 | 5,732.2 | 2,856.0 | 2,302.5 |
| | a) (Increase)/Decrease in Stock in trade | (60.6) | 2,873.0 | 1,996.9 | 2,812.4 | (376.6) | (1024.3) | (308.4) |
| | b) Materials Consumed | 9,307.4 | 70.8 | 69.0 | 9,378.2 | 4,717.6 | 3,285.4 | 2,212.1 |
| | c) Staff Cost | 534.7 | 131.3 | 88.1 | 666.0 | 349.8 | 170.5 | 106.8 |
| | d) Other Expenditures | 1,313.9 | 217.0 | 161.4 | 1,530.9 | 1,041.4 | 424.4 | 292.0 |
| 5 . | Interest | 275.1 | 70.0 | 37.3 | 345.1 | 189.3 | 55.2 | 27.4 |
| 6 . | Gross Profit after Interest but before Exceptional | | | | | | | |
| | items, Depreciation and Tax | 3,779.3 | 540.5 | 526.6 | 4,319.8 | 2,235.1 | 476.5 | 544.8 |
| 7 . | Exceptional Items | | | | | | | |
| | Cane Price for earlier years | - | - | - | - | 609.8 | - | - |
| | Less : Adjusted with General Reserve | - | - | - | - | 386.5 | - | - |
| 8 . | Depreciation | 527.1 | 143.8 | 86.2 | 670.9 | 372.7 | 170.6 | 101.8 |
| 9 . | Provision for Tax | | | | | | | |
| | a) Current Tax | 507.1 | 42.0 | 82.5 | 549.1 | 215.0 | 34.4 | 34.1 |
| | b) Fringe Benefit Tax | 7.0 | 1.6 | 1.5 | 8.6 | - | 1.6 | 1.8 |
| | c) Deferred Tax | 144.3 | 31.0 | 10.1 | 175.3 | 173.5 | 78.1 | 8.2 |
| **10 .** | **Net Profit** | **2,593.8** | **322.1** | **346.3** | **2,915.9** | **1,250.6** | **191.8** | **398.9** |
| 11 . | Paid up Equity Share Capital | 248.2 | 248.2 | 231.8 | 248.2 | 231.8 | 248.2 | 231.8 |
| | (Face value of Re.1/- each) | | | | | | | |
| 12 . | Reserves excluding Revaluation Reserve | - | - | - | 8,808.3 | 4,686.0 | - | - |
| **13 .** | **Basic and Diluted EPS (Rs.)** | **10.93** | **1.30** | **1.49** | **12.19** | **6.16** | **0.8** | **1.7** |
| 14 . | Non-Promoter Shareholding | | | | | | | |
| | - Number of Shares | 169,203,110 | 169,203,770 | 152,573,690 | 169,203,770 | 152,545,190 | 169,203,770 | 152,600,024 |
| | - Percentage of Shareholding | 68.18 | 68.18 | 65.82 | 68.18 | 65.81 | 68.2 | 65.8 |

# BCML: Risks and Concerns

# Risk & Concern – BCML's Response

- CYCLICALITY OF SUGAR INDUSTRY

Response : Derisking Business Module

– BCML switched to integrated business model. Commissioned two distillery [ 160 KLPD], five Power Plants [ 85.20 MW] and integrated sugar complex at Haidergarh and Mankapur to provide stability of revenue and profit

AGRICULTURAL-INDUSTRIAL CONFLICT

Response :

– Sugar Industry's farmer-miller-consumer partnership – a neat agricultural-industrial fit. BCML incentivized this partnership through timely remuneration, wider irrigation and subsidized fertilizers and improved variety of seed distribution. BCML increased crushing capacities ten times in last decade to strengthen its commitment

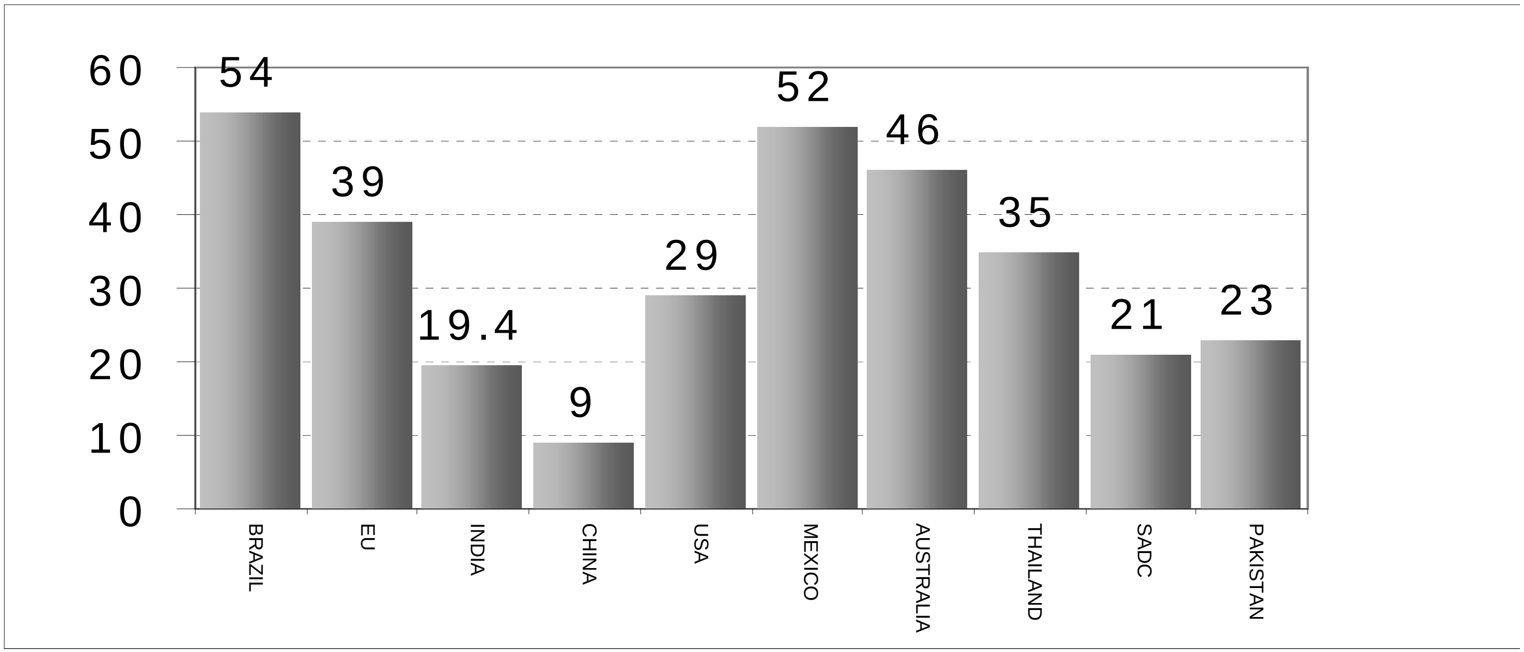
- FINANCIAL RISK

Sugar Industry being cyclical, adequate funds may not be available for working capital or long term needs

– Response : BCML addressed its working capital and long term needs largely through internal accruals and low cost borrowings
– Attractive Debt-Equity Ratio of 0.39 as at 30.09.2006
– Strong credit rating enables market borrowing at lower than market cost. [ Highest Credit Rating for short term borrowing for 2500 Million Rupees from ICRA ]

# APPENDIX

# Per Capita Consumption of Sugar in top ten sugar producing countries




SOURCE: F.O. Licht's International Sugar & Sweetener Report and CrisInfac

Indian consumption increasing at a CAGR of 3.1%

# World Production & Supply

| CENTRIFUGAL SUGAR | | | | | | [ '000 MT ] RAW VALUE | | Stock use Ratio |
|---|---|---|---|---|---|---|---|---|
| | Beginning | | | Total | | Domestic | Ending | |
| Country | Stocks | Production | Imports | Supply | Exports | Consumption | Stocks | |
| WORLD TOTAL | | | | | | | | |
| 2002/2003 | 36,820 | 148,516 | 41,557 | 226,893 | 47,440 | 138,947 | 40,506 | 29.2 |
| 2003/2004 | 40,506 | 142,362 | 42,110 | 224,978 | 46,926 | 139,600 | 38,452 | 27.5 |
| 2004/2005 | 38,452 | 140,726 | 45,077 | 224,255 | 47,738 | 142,789 | 33,728 | 23.6 |
| 2005/2006 | 33,728 | 144,709 | 44,022 | 222,459 | 50,691 | 142,823 | 28,945 | 20.3 |
| 2006/2007 | 28,945 | 155,166 | 42,817 | 226,928 | 47,698 | 146,037 | 33,193 | 22.7 |

# Key Producing Countries

| In '000 Tonnes [Raw Value] | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---|---|---|---|---|
| Brazil | 23,810 | 26,400 | 28,175 | 26,850 | 30,850 |
| European Union [EU] | 26,451 | 24,961 | 27,181 | 27,778 | 22,989 |
| India | 22,140 | 15,150 | 14,170 | 21,070 | 25,100 |
| China | 11,380 | 10,734 | 9,826 | 9,446 | 11,150 |
| Mexico | 5,229 | 5,330 | 6,149 | 5,604 | 5,650 |
| World Total | 148,516 | 142,362 | 140,726 | 144,709 | 1,555,166 |

# World Raw Sugar Prices

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sep. | Oct. | Nov. | Dec. | 1st Q. | 2nd Q. | 3rd Q. | 4th Q. | Calendar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CENTS PER POUND | | | | | | | | | | | | | | | | | |
| 2001 | 10.63 | 10.26 | 9.64 | 9.27 | 9.96 | 9.80 | 9.48 | 8.77 | 8.60 | 7.15 | 7.80 | 8.02 | 10.18 | 9.68 | 8.95 | 7.66 | 9.12 |
| 2002 | 7.96 | 6.81 | 7.27 | 7.12 | 7.33 | 7.07 | 8.02 | 7.86 | 8.54 | 8.84 | 8.87 | 8.81 | 7.35 | 7.17 | 8.14 | 8.84 | 7.88 |
| 2003 | 8.56 | 9.14 | 8.50 | 7.92 | 7.41 | 6.85 | 7.18 | 7.30 | 6.70 | 6.74 | 6.83 | 6.95 | 8.73 | 7.39 | 7.06 | 6.84 | 7.51 |
| 2004 | 6.42 | 7.01 | 8.23 | 8.21 | 8.08 | 8.41 | 9.19 | 8.99 | 9.10 | 9.84 | 9.65 | 10.19 | 7.22 | 8.23 | 9.09 | 9.89 | 8.61 |
| 2005 | 10.33 | 10.51 | 10.57 | 10.19 | 10.23 | 10.45 | 10.89 | 11.09 | 11.59 | 12.40 | 12.86 | 15.09 | 10.47 | 10.29 | 11.19 | 13.45 | 11.35 |
| 2006 | 17.27 | 18.93 | 18.01 | 18.21 | 17.83 | 16.19 | 16.61 | 13.58 | 12.42 | 12.09 | 12.38 | 12.47 | 18.07 | 17.41 | 14.20 | 12.31 | 15.50 |
| 2007 | 11.85 | 11.63 | | | | | | | | | | | | | | | |

**Source: New York Board of Trade (www.nybot.com)**
**Last updated 12.03.07**

# World refined Sugar prices

| Year | Jan. | Feb. | Mar. | Apr. | May | Jun | Jul | Aug | Sep | Oct. | Nov | Dec | 1st Q | 2nd Q | 3rd Q | 4th Q | Calendar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cents per pound | | | | | | | | | | | | | | | | | |
| 2001 | 11.27 | 10.65 | 10.26 | 10.61 | 11.71 | 12.68 | 12.60 | 12.08 | 10.66 | 10.19 | 11.27 | 11.52 | 10.73 | 11.67 | 11.78 | 10.99 | 11.29 |
| 2002 | 11.88 | 10.80 | 10.81 | 10.09 | 10.28 | 10.02 | 10.23 | 10.33 | 9.68 | 9.72 | 10.16 | 10.25 | 11.16 | 10.13 | 10.08 | 10.04 | 10.35 |
| 2003 | 10.64 | 11.10 | 10.51 | 10.14 | 9.95 | 9.66 | 9.84 | 9.74 | 8.95 | 8.39 | 8.67 | 9.23 | 10.75 | 9.92 | 9.51 | 8.76 | 9.74 |
| 2004 | 9.16 | 9.54 | 10.59 | 11.19 | 10.78 | 10.73 | 11.81 | 11.80 | 11.12 | 11.21 | 11.27 | 11.23 | 9.76 | 10.90 | 11.58 | 11.24 | 10.87 |
| 2005 | 11.63 | 12.09 | 12.02 | 11.76 | 11.75 | 12.61 | 14.70 | 14.81 | 14.60 | 14.18 | 13.10 | 15.00 | 11.91 | 12.04 | 14.70 | 14.09 | 13.19 |
| 2006 | 16.92 | 19.99 | 20.45 | 21.35 | 21.81 | 20.93 | 20.95 | 18.16 | 17.32 | 17.92 | 16.41 | 15.86 | 19.12 | 21.36 | 18.81 | 16.73 | 19.01 |
| 2007 | 15.13 | 14.92 | | | | | | | | | | | | | | | |

Source: LIFFE, London. 12.03.2007

# Prices – Sugar & Sugar Cane ex Factory

| | | | | 10 Qntl = One Ton |
|---|---|---|---|---|
| | SUGAR [ Rs. Per Qntl ] | | SUGAR CANE [Linked to 8.5%] [ Rs. Per Qntl ] | |
| SUGAR YEAR | FREE SALE | LEVY | SMP | SAP |
| 2006-07 [E] | 1,450.00 | 1,384.00 | 80.25* | 125.00 |
| 2005-06 | 1,722.00 | 1,384.00 | 79.50* | 115.00 |
| 2004-05 | 1,607.00 | 1,384.00 | 74.50 | 107.00 |
| 2003-04 | 1,321.00 | 1,384.00 | 73.00 | 95.00 |
| 2002-03 | 1,119.00 | 1,329.00 | 69.50 | 95.00 |
| 2001-02 | 1,268.00 | 1,309.00 | 62.05 | 95.00 |
| 2000-01 | 1,316.00 | 1,265.00 | 59.50 | 90.00 |
| 1999-00 | 1,338.00 | 1,162.00 | 56.10 | 85.00 |
| 1998-99 | 1,320.00 | 1,139.00 | 52.70 | 80.00 |
| 1997-98 | 1,335.00 | 1,047.00 | 48.75 | 75.00 |
| 1996-97 | 1,216.00 | 1,040.00 | 45.90 | 72.00 |
| 1995-96 | 1,178.00 | 940.00 | 42.50 | 70.00 |

SAP = State Advised Price in Uttar Pradesh where BCML factories are located

E = Expected *Linked to 9% basic recovery.

For 2004-05, 2005-06 & 2006-07 revised levy sugar price is yet to be announced.

**SOURCE : Indian Sugar Mills Association**

# Economics of locally produced sugar vs. Landed Cost of Imported Sugar

| | |
|---|---|
| BASE PRICE [ US$ FOB] | *345.00 |
| FREIGHT | 60.00 |
| C&F PRICE | 405.00 |
| IMPORT DUTY | - |
| COST WITH DUTY | 405.00 |
| PORT, INCIDENTALS & OTHERS | 35.00 |
| LANDED COST [US$] | 440.00 |
| Rs. / US$ | 44.00 |
| LANDED COST [Rs.] | 19,360.00 |
| PLUS IMPORTER'S MARGIN 5% OF COST | 968.00 |
| SALEABLE EX PORT PRICE | 20,328.00 |
| *Current | |
| Conclusion - Current ex-factory prices are +/- INR 14500 per metric tonne make imports attractive. | |

# Thank You