

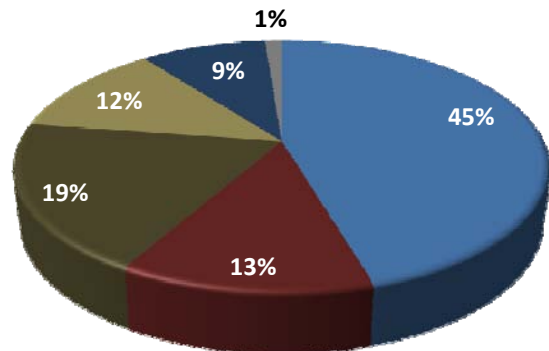
Balrampur Chini Mills Limited

- A Nugget in a “Volatile” Industry

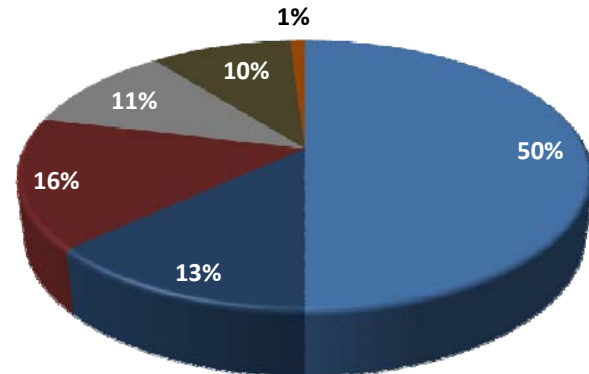
The Global Story- Emerging Trends

- Global sugar demand will increase to 198 mn tonnes in 2021 and 257m by 2030 compared with 168mn tonnes in 2010
- Asia will remain the biggest consumer of sugar, increasing its share of total consumption from around 45% in 2010, to 50% in 2021
- India's consumption will nearly double over the next 20 years and Chinese consumption will overtake EU consumption in around 2014.
- By 2030 , it is forecast that India and China will respectively constitute 17.6% and 14.7% of the total global consumption
- Total consumption in Europe is expected to remain stable over the next 20 years, with declining per capita consumption in several of the largest EU economies being offset by increasing consumption in less developed countries
- Africa will begin to emerge as a major consumer, increasing its contribution in global consumption from 9% to 13% in 2030, with strong growth in several countries as a result of high rates of population and GDP growth.

Global Sugar Consumption 2009-10 168m



Global Sugar Consumption 2020-21 198m



■ Asia ■ S. America ■ Europe ■ N.America ■ Africa ■ Oceania

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Source: UN Deptt. Of Economic & Social Affairs: Population Division

Global Sugar Production

Supply Mismatch

- Over last 20 years sugar production has risen by 44% to 157mn tonnes
- Global consumption expected to rise to about 260mn tonnes by 2030
- Production gap of the additional 90mn tonnes requires to be met over the next 20 years

Concentrated Industry

- Industry is mature and increasing production is difficult given demand on acreage

Europe – A net importer from exporter

- Past decade has seen EU production reduce by around 15% due to reforms of sugar regime turning the region into a net importer from a net exporter

Brazil Key to fill Demand

- World still dependent on Brazil, which currently accounts for 45% of global exports, to meet the remaining 45mn tonnes requirement
- Improvement in productivity and regulatory changes in sugar producing regions outside Brazil expected to help meet the remaining 45mn tonnes requirement

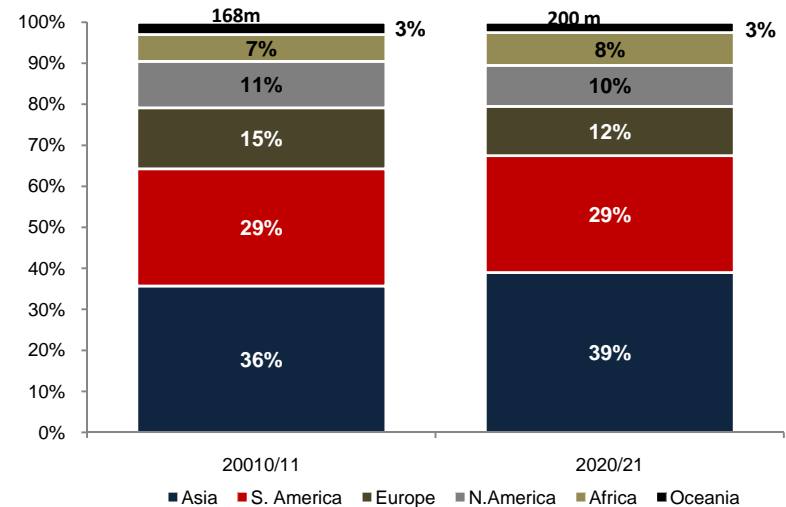
Weather – A key Determinant

- Asian sugar production is expected to increase by 23 percent in 2010-11, world sugar production still heavily dependent on weather and continued cyclical production patterns

Supply Diversion to Ethanol

- High oil prices is another external risk to contend with as it makes sugarcane for fuel ethanol more lucrative

Projected Global Sugar Production



Source: ISO, November 2010

Sugar Snapshot

| World (Figures in million tonnes) | | |
|--------------------------------------|--------------------------|---------|
| Sugar Year (SY)/ Marketing Year (MY) | Aug-July (MY) | |
| Major Sugar producing states | Brazil, India, EU, China | |
| | 2009-10 | 2010-11 |
| Area under Sugarcane | | |
| Sugar Opening Stocks | 27.95 | 26.15 |
| Sugar Production | 153.45 | 161.89 |
| Sugar Imports | 51.40 | 49.15 |
| Total Supplies | 232.80 | 237.19 |
| Consumption | 154.82 | 158.92 |
| Exports | 51.80 | 51.82 |
| Total Demand | 206.62 | 210.74 |
| End Stocks | 26.18 | 26.45 |

Source: DACNET, USDA, Reuters

Chinese Scenario

Doubling of Consumption and Increasing further

- China is one of the 10 largest consuming countries of sugar in the world
- During the past 10 years, Chinese sugar consumption has doubled, though Chinese per capita consumption levels are low at 12kg per person compared to western standards of around 40kg per person

Industrial Demand Growing

- The biggest driver is the growth in industrial demand for sugar in processed foods which reflects the transformation of the economy and increasing urbanization

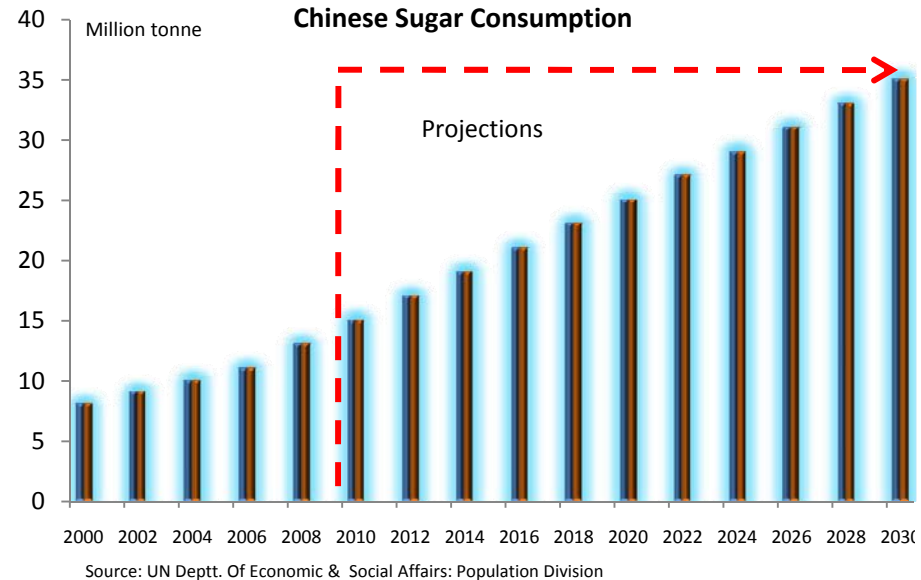
Artificial Sweetener Growth Falling

- Though artificial sweeteners still account for a relatively large share of the market and China also has a large starch based sweetener industry

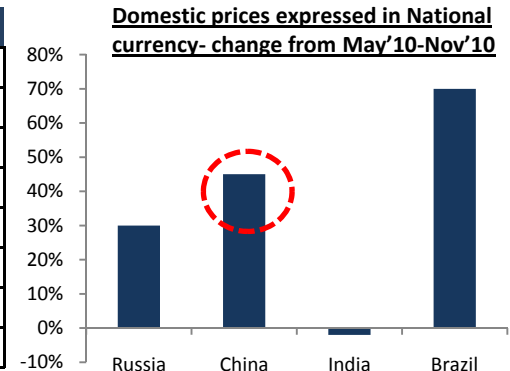
- There has been a growing emphasis on the use of sugar as a natural alternative and artificial sweetener consumption has been falling (domestic sales amount to around 2.5m tonnes of white sugar equivalent in 2010.)

Incremental Supply Demand

- China's domestic prices have risen by almost 50% since May to reach a record of over CNY 7,000/tonne or over USD 1,000/tonne in early November.
- In 2010/11 the gap between consumption and production is expected to rise to 3mn tonnes, being the third season in the row where production is short of consumption by at least 1.5mn tonnes



| Sugar Balance - 2010-11 | |
|-------------------------|--------|
| Beginning Stock | 1,419 |
| Production | 12,815 |
| Consumption | 16,445 |
| Change in Stock | 0 |
| Ending Stock | 1,419 |
| Imports | 3,695 |
| Exports | 65 |
| Total net imports | 3,630 |



Thousand tonnes raw value- Oct/ Sept Year

Source: ISO, November 2010

Brazilian Scenario

Largest Exporter

- Brazil is the world's largest sugar producer and exporter.
- Its share of global exports climbed from under 25 percent in 2000-01 to over 48 percent in 2009-10, with exports of over 24mn tonnes.

Ethanol Production Increasing

- Policy support for ethanol production in Brazil has stimulated dramatic growth in the use of sugarcane for ethanol
- Ethanol now accounts for 55 to 60 percent of total Brazilian sugarcane production.

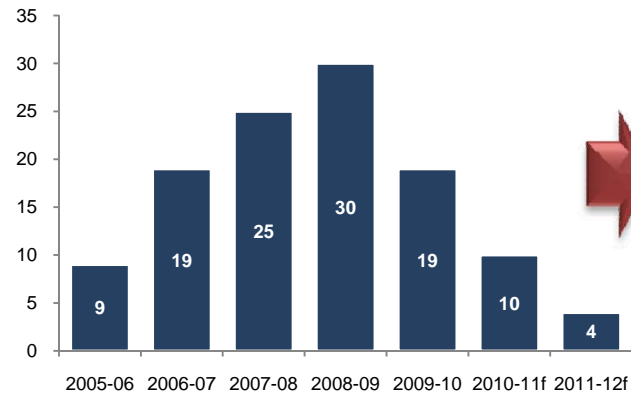
Increased Acreage Being Planted

- In 2010-11, Brazil is going to see a y-o-y production increase to 39.4mn tonnes on the back of a higher area planted
- The increase in planted area was in country's dominant centre south region (which is responsible for 90% of total production), where area planted will increase by 10% y-o-y in 2010/11.

Inventory

- The 2010/11 domestic market should be well supplied, although local prices have continued to rise on the back of recent weather concerns.
- With the peak of Brazilian sugar exports now finished, global sugar prices have started to surge in recent months due to expectation of lower end stocks.

New mills entering operation in Brazil



- Cane production still expanding in new frontiers as greenfield projects gradually attain maximum capacity.
- Present investment programme of sector is more modest, geared towards optimizing or expanding current activities rather than large new greenfield projects.

Source: UNICA

Sugar Snapshot

| Brazil (Figures in mn tonnes) | | |
|--------------------------------------|---|---------|
| Sugar Year (SY)/ Marketing Year (MY) | Oct-Sep(SY) | |
| Major Sugar producing states | Centre South Brazil (90%), Northeast Brazil (10%) | |
| | 2009-10 | 2010-11 |
| Area under Sugarcane | | |
| Sugar Opening Stocks | - | - |
| Sugar Production | 36.40 | 39.40 |
| Sugar Imports | | |
| Total Supplies | 36.40 | 39.40 |
| Consumption | 11.80 | 12.00 |
| Exports | 24.30 | 26.85 |
| Total Demand | 36.10 | 38.85 |
| End Stocks | 0.30 | 0.55 |

Source: DACNET, USDA, Reuters

Indian Sugar Industry

The India Story

Overview - Indian Sugar Industry

- Around 550 sugar factories in India widely dispersed over Maharashtra (37%), UP (27%), Karnataka (13%) and other states
- Ownership of sugar sector – 50% by private sector and 50% by co-operative & government sector

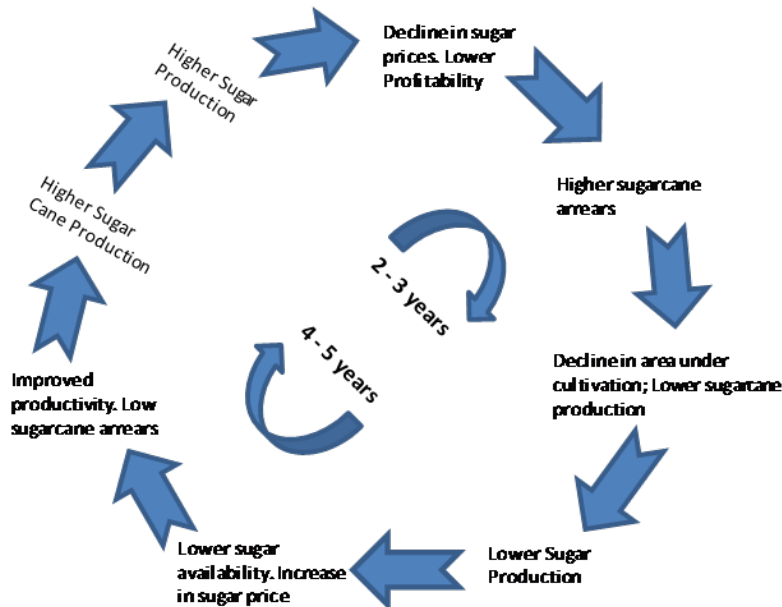
Demand Drivers – Indian Sugar Industry

- Various government schemes such as the rural employment scheme would improve the purchasing power of the rural people
- Double-digit Indian GDP growth would translate into an era of record growth in demand for sugar through direct as well as indirect segments such as soft drinks, confectionaries, etc

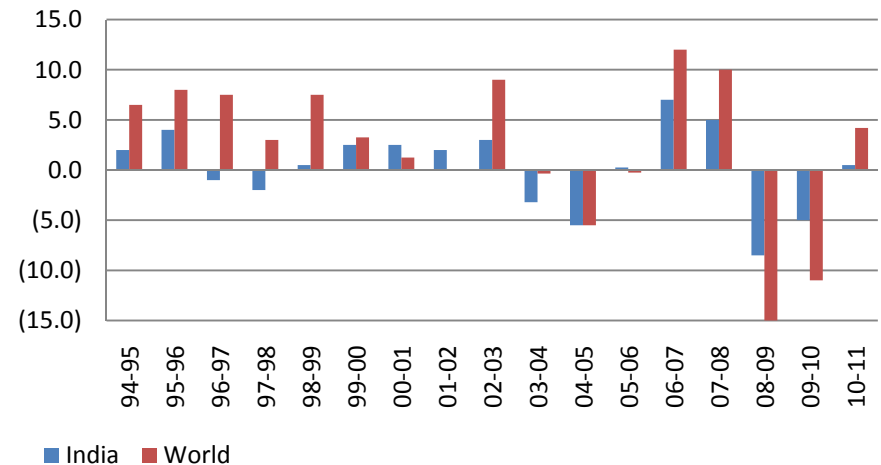
Domestic Demand-Supply Scenario

| Million Tonnes | SY07 | SY08 | SY09 | SY10 | SY11(E) |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Supply/Total Availability | 32.2 | 34.8 | 22.5 | 21.0 | 28.5 |
| - Opening Stock | 3.9 | 8.5 | 7.8 | 2.5 | 3.5 |
| - Production | 28.3 | 26.3 | 14.7 | 18.5 | 25.0 |
| Demand | 23.7 | 27.0 | 23.2 | 21.5 | 25.3 |
| - Domestic consumption | 22.0 | 22.5 | 22.5 | 23.0 | 23.8 |
| - Exports | 1.7 | 4.5 | 0.2 | - | 1.5 |
| Imports | - | - | - | 5.5 | - |
| Closing Stock | 8.5 | 7.8 | 2.5 | 3.5 | 3.2 |
| Months of consumption | 4.6 | 4.2 | 1.3 | 1.8 | 1.6 |

Indian Sugar Cycle



Indian crop impacts world sugar balance (MM Tonnes)



Regulatory Scenario

Production & Releases

- Concept of Command Area which binds cane farmers and sugar mills to sell and buy from each other
 - Sugar producers are not allowed to own cane fields in India
 - New sugar mills cannot be set up within 15 km of existing units
- Sugar mills have to purchase all the cane sold to them, even if it exceeds their requirement
- In case of capacity expansions at existing sugar mills, there is uncertainty regarding allocation of additional area based on the expanded capacity
- Government administered Fair and Remunerative Price (FRP) acts as a floor
- 90% of production sold as free sugar under the monthly release mechanism announced by the Central Government
- 10% of production is sold as levy sugar for Public Distribution System at lower price as per Central Government Directive
 - Levy obligation reverted back to 10% in 2010 –11 from 20% in 2009-10

Ethanol –Blending Programme

- 5% Ethanol blending with petrol has been made compulsory w.e.f.1st Oct 2003 in nine sugar producing states
- Interim Ethanol price has been fixed at 25% higher at Rs. 27 per litre

Co-generation incentives attractive

- Sugar industry can generate 4000 MW surplus power by using bagasse a by product
- Govt. provides soft loans from Sugar Development Fund to encourage cogeneration at an interest of 4%. Also profits from power under Cogen scheme are tax free
- Uttar Pradesh Electricity Regulatory Commission [UPERC] has determined the new tariff for existing bagasse based projects for the period FY2009-10 to FY 2013-14
- State has also approved the sale of certain percentage of power so generated in the open market

Regulatory Scenario (contd.)

Roadmap for Sugar Deregulation

- Cane Pricing
 - Formula-based pricing is the need of the industry
 - Report on proposed cane price linkage with sugar price has already submitted by a committee set up by GoI under the chairmanship of Sri T Nandkumar, Former Food Secretary, GoI
 - High-powered committee has been set up by the PMO under Dr. Rangarajan to finalize the aforesaid cane-pricing formula
 - Doing away with levy obligation on Industry. Govt. to run PDS programme
- Release mechanism to be dismantled
- Futures market to be made more vibrant as a means of price discovery in the absence of release mechanism
- Export-import policy to be aligned to the demand-supply situation in the country
- Food Ministry to bring about consensus amongst central and state governments post which a final decision would be taken on sugar de-regulation

Balrampur Chini Mills Limited

Capacities

| UNITS | SUGAR (TCD) | DISTILLERY (KLPD) | INSTALLED POWER (MW) | SALEABLE POWER (MW) | ORGANIC MANURE (TONS) |
|--------------|----------------|----------------------|-------------------------|------------------------|--------------------------|
| BALRAMPUR | 12,000 | 160 | 40.00 | 22.25 | 30,000 |
| TULSIPUR | 7,000 | - | 6.00 | - | - |
| BABHNAN | 10,000 | 60 | 12.00 | 3.00 | 18,000 |
| HAIDERGARH | 5,000 | - | 23.25 | 20.25 | - |
| RAUZAGAON | 8,000 | - | 30.00 | 16.00 | - |
| AKBARPUR | 7,500 | - | 18.00 | 11.00 | - |
| MAIZAPUR | 3,000 | - | 6.00 | - | - |
| MANKAPUR | 8,000 | 100 | 37.00 | 22.00 | 10,000 |
| GULARIA | 8,000 | - | 31.30 | 20.00 | - |
| KUMBHI | 8,000 | - | 20.00 | 11.00 | - |
| TOTAL | 76,500 | 320 | 223.55 | 125.50 | 58,000 |

Key Value Drivers

| Level I Business Unit Level | Level II Technological Level | Level III Operational Level |
|--|---|---|
| Fully integrated company | Second largest sugar crushing capacity | Located in India's second highest sugarcane producing state |
| Superior utilization of fixed assets | Latest technology and machinery and infrastructure | High operational efficiency |
| Diversified customer mix | Access to power during off-season through dual-fuel power generation facility | Access to market with high sugar demand and relatively higher sugar realization |
| Excellent relationship with farmers | Ability to refine sugar during off-season due to refining capacity and off-season power | Elaborate sugarcane collection network |

Financials: Segment-wise Turnover

| | Sept '10 | | Sept '09 | | Sept '08 | |
|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| Products | Rs. Mn | % | Rs. Mn | % | Rs. Mn | % |
| Sugar | 17,231 | 84.7 | 14,456 | 84.7 | 11,481 | 77.0 |
| Alcohol | 965 | 7.7 | 1,312 | 7.7 | 1,675 | 11.2 |
| Power | 1,614 | 7.4 | 1,256 | 7.4 | 1,739 | 11.7 |
| Others | 23 | 0.2 | 26 | 0.2 | 14 | 0.1 |
| Total | 19,834 | 100.0 | 17,050 | 100.0 | 14,909 | 100.0 |

Financials: Segment-wise PBIT

| | Sept '10 | | Sept '09 | | Sept '08 | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Products | Rs. Mn | % | Rs. Mn | % | Rs. Mn | % |
| Sugar | 540 | 65.8 | 2,495 | 65.8 | 458 | 21.6 |
| Alcohol | 230 | 13.2 | 499 | 13.2 | 651 | 30.7 |
| Power | 844 | 21.2 | 803 | 21.2 | 1,033 | 48.7 |
| Others | -4 | -0.2 | -8 | -0.2 | -20 | -0.9 |
| Total | 1,610 | 100.0 | 3,790 | 100.0 | 2,123 | 100.0 |

Going Forward

- Current Long Term Debt of Rs. 786 cr → Expect debt free status in 2 years
- No visible high capex expansion → Cash flows can be used for driving shareholder value