



IN SPITE
OF
EVERYTHING.



ERRATIC RAINFALL. LOW YIELDING
CANE. POOR IRRIGATION. POOR
ROADS. LONG DISTANCE FROM
FARM TO FACTORY. LOW FARMER
CONFIDENCE. REMUNERATIVE
ALTERNATIVE CROPS. GLOBAL
WARMING. RECOVERY DECLINE.
LOW DRAWAL RATE. OBSOLETE





TECHNOLOGY. LOW SUGAR PRICES.
BLURRED ETHANOL OUTLOOK.
WEAK FARMERS. SUB-OPTIMAL
CANE YIELD. AD HOC GOVERNMENT
POLICY. HIGHER LEVY QUOTA.
CANE INFLATION. INDUSTRY
CYCLICALITY. INSPITE OF
EVERYTHING...





INSPITE OF EVERYTHING....
WE INVESTED
MORE IN OUR
BUSINESS.

THE SUGAR INDUSTRY IS ONE OF THE MOST REGULATED SECTORS IN INDIA. THERE ARE CONSTRAINTS ON RAW MATERIAL PRICING AS WELL AS RESTRICTIONS ON THE TIMING, QUANTITY AND REALISATIONS OF THE END PRODUCT. IN A NUMBER OF WAYS, JUST THE KIND OF REALITIES THAT WOULD PUT PROSPECTIVE INVESTORS OFF.

In spite of these challenging realities, Balrampur Chini Mills consistently invested in the business. Good year or bad. Encouraging policy or restrictive.

This growing investment was the result of a conviction that the Company would be able to generate positive returns over the cost of capital incurred over the long-term.

Protecting Investor Interests.

The Company invested Rs. 2085.55 crores in Gross Block between 1998-99 and 2008-09; the compounded annual investment in Gross Block was 23.45% during this period. This addition was 621.4% of the Gross Block at the start of 1998-99, indicating the extent of corporate reinvention.

The Company's annual investment in the business ranged from a low of Rs. 19.27 crores (2001-02) to a high of Rs. 636.34 crores (2006-07).

The Company generated a return-on-capital employed ranging from 5.52% to 40.13% from trough to peak and an average of 21.15%.



INSPIRE OF EVERYTHING ...
WE SCALED
AND SPREAD
OUR BUSINESS.

THE SUGAR INDUSTRY IS REALLY THREE BUSINESSES IN ONE. SUGAR. MOLASSES DERIVATIVES. POWER CO-GENERATION. EACH WITH ITS OWN COMPLEXITY. EACH WITH ITS SPECIFIC GOVERNMENT REGULATION. EACH WITH ITS INDUSTRY DYNAMIC.

In spite of these formidable realities, Balrampur Chini Mills widened the scope and spread of its business.

The growing investment in each was the result of a confidence that the Company would be able to leverage growing cane availability, reduce production cost, maximise production efficiency and enhance the viability of each.

Derisking Revenues.

The Company operated two mills across 24 years until 1998-99, then added seven in 10 years since.

The Company trebled its cane crushing capacity between 1998-99 and 2008-09 (generally regarded as a bad cane year) from 15,500 TCD to 73,500 TCD.

The Company's trough-to-peak crushing five-folded from 18.22 lac qtls. (1998-99) to 92.31 lac qtls (2006-07).

The Company increased the quantum of its non-sugar revenues from Rs. 66.02 crores in 2001-02 (12.43% of revenues) to Rs. 259.33 crores in 2008-09 (15.21% of revenues).

The Company increased the quantum of co-generation revenues in its non-sugar revenues from nil in 1998-99 to Rs. 125.60 crores in 2008-09 (48.43% of non-sugar revenues).

The Company reported a recovery in excess of 10% in five of the last 10 years and above 9.8% in eight out of 10 (compared with an average U.P. recovery of 9.25% during the last few years).



INSPIRE OF EVERYTHING
WE ENRICHED
OUR INVESTORS.

THE SUGAR INDUSTRY IS CYCLICAL AND UNPREDICTABLE.
THE RESULT IS THAT IT IS CHALLENGING TO SUSTAIN ANY
INCREASE IN INVESTOR VALUE.

In spite of this evident challenge, Balrampur Chini Mills enriched its long-term shareholders with an increase in the value of their holdings.

This significant increase in value was the result of increasing investments by the Company in its three businesses as well as the robust viability of each.

Enriching Prosperity.

The Company increased its EBIDTA from Rs. 72.25 crores in 2002-03 to Rs. 466.49 crores in 2005-06 (18 months-period); from Rs. 99.27 crores in 2006-07 to Rs. 454.40 crores in 2008-09.

The Company reported a positive economic value-added in 9 years out of 10.

The Company strengthened its market capitalisation from Rs. 163.22 crores in 1998-99 to Rs. 3143.97 crores (as on 30th September, 2009).

MD's review



“WE EMERGED FUNDAMENTALLY STRONGER IN 2008-09”

Mr Vivek Saraogi reviews the Company's performance for 2008-09 and scripts the road ahead

Even as the world passed through its most challenging year in decades, BCML reported a vigorous rebound in profits.

While this may seem odd to most people exposed to the phenomenon of a decline in profits at a time of financial uncertainty, decoupling was a visible reality in India's sugar industry in 2008-09.

Take the macro perspective. The foundation for the next phase in the cyclicity of the Indian sugar industry was laid well before the financial market showed its first sign of collapse. This transpired after the Uttar Pradesh government raised cane prices independent of sugar realisations and the prevailing reality in 2006. The result was that mills could not remunerate farmers in 2006-07 and 2007-08. Meanwhile, other cereal realisations rose, inducing cane farmers to grow alternative crops. The combined effect was a sharp decline in cane cropping, which inevitably translated into higher sugar realisations. The reality of a sugar price increase (arising out of a drawdown in Indian cane supply) was far too severe to be influenced by the

collapse in the global financial markets.

Take the micro perspective. Even as global markets collapsed in October 2008, Balrampur passed through relatively unscathed for an important reason: we had a relatively understressed balance sheet with no cocktailing of foreign exchange transaction derivatives. As a result, every lender knew exactly where we stood — no hidden liabilities. As an extension of this conservative reality, we refused to dilute our equity even when cash was easily available in 2009, simply because we did not have any project at hand to deploy it profitably.

Now to answer the question that was asked: owing to these realities, we grew our topline 14.08% and bottomline 133.44% in 2008-09 over 2007-08, indicating a vigorous rebound from a cyclical bottom.

What were the significant challenges and achievements of 2008-09?

During 2008-09, there were no major challenges for the Company as cane output declined and our operations ran on an auto-pilot mode, except for

the period between October and December when the financial sector was affected by turmoil.

So Balrampur set about bringing all variables under its direct control. In January 2008, the promoters reinforced the Company's net worth with an infusion at Rs.92 per share at one of the most challenging moments in its existence, enhancing creditor comfort. This also reinforced our funding to sustain production during a challenging downturn.

Besides, we were always aware that when profits rise, so do our costs. Not this time though; we set about managing our costs better and though the effects may be visible only in 2009-10, I can assure that our overheads will be relatively lower and better benchmarked across the industry.

How do you see the sugar trend unfold?

I visualise a robust industry performance for three years due to the following reason: a global production shortage. Brazil, the largest supplier of sugar to the global markets, was affected by a production shortfall because of adverse climatic conditions and cane diversion towards ethanol. In

India, cane is facing competition from alternative inflationary food crops; however, farmers may revert towards cane plantation in the face of surging sugar prices. Sugar production may be no more than 16 million tonnes in 2009-10 and around 21 million tonnes in sugar year 2011-12. That would still be well short of the growing national demand.

So what is the growing demand likely to be?

One of the points that I want to emphasise is that the industry rebound this time has a more sustainable – and less cyclical – character to it; this is so because I can see evidence of robust consumption building up in the country. Even though India has a deep-rooted *mithaai* tradition, the country's per capita annual sugar consumption of around 26 kg is less than half that of the US. I see evidence of rising consumption: the annual 25% increase in sugar off-take by Pepsi and Coke are safe indicators. With the GDP rebound, consumption is expected to increase further. I want to emphasise that the industry rebound is not just weather-led but consumption-led. It is a structural shift, not merely a climatic one. As a result, the projected demand of 23 million tonnes in 2009-10 is likely to be 23.5 million tonnes in 2010-11, widening the gap between consumption and supply.

Correspondingly, India's sugar production is not likely to be more than its consumption, and this reality will keep realisations firm across the foreseeable future.

How will Balrampur utilise its profits? More mills?

The other point I wish to make unambiguously to our shareholders is that we do not see any scope of greenfield expansion across the foreseeable future for ourselves or for any player in the industry. The last

season was evidence of what I am saying: most mills were scrounging for cane to feed their newly commissioned assets, and the result was that, we were driving up the cost of scarce cane by competing among ourselves. In some cases, plants were operational for only 45 days in the season (compared with around 170 days normally). Our first collective objective will be to maximise asset utilisation from an industry average of a mere 55%. This makes this industry rebound different from the preceding upturns; each previous bull run was accompanied by unprecedented capacity expansion. During this industry rebound, I cannot think of even one sugar manufacturer who is investing in fresh capacity. This makes this bull run more stable than the earlier ones with the industry priority being cane development. Balrampur too would rather work closely with farmers, encourage them to grow more cane, enhance its asset utilisation, then de-bottleneck its existing capacities and seek non-seasonal opportunities. The result is that, should this industry upturn sustain for another couple of years, we expect to generate adequate cash, repay and prepay loans, progress towards a lighter balance sheet and become a considerably more profitable company.

From which decisions would growth come from?

I have already indicated how we expect to grow our revenues: higher capacity utilisation will lead to enhanced revenues. In addition setting up of 500 million tonnes refinery at Haidergarh Unit will also result in higher utilisation of assets.

In the ethanol division, it will be business as usual, focusing on high utilisation to cover the relatively lower spread between a high molasses cost and a stable ethanol realisation.

In the power division, one sees a

significant upside for a number of reasons: the country's peak power deficit of 12% will sustain, the Uttar Pradesh government has revised the co-generation tariff from Rs. 3.03 per unit to around Rs. 4.00 per unit; the concept of open-access and inter-regional transfers will enable U.P. co-generators to get the highest realisation that the market can bear. We intend to capitalise through some specific initiatives: enhance our aggregate power capacity, keep our facilities running in the off-season and convert a number of bagasse-fired boilers to multi-feed at a negligible cost. The result is that we expect to emerge as India's largest power exporting co-generation company, resulting in a significant increase in our profits from this division. Going ahead, the power business will be integral to our growth.

What is the road ahead for the Company?

In a consumption-led story, I do not see raw material costs declining. However, I expect the increase in costs to be more than covered by increasing realisations, arising out of a demand-supply mismatch. Much as we are concerned about the impact this will have on consumers, the reality is that with low capacity utilisation and cane simply not available, we foresee a sustained industry upside.

Balrampur will leverage this industry reality to emerge as a stronger company. For one, we do not expect to make significant investments in gross block; the focus will be on maximising returns through an increase in asset utilisation. We will be debt free Company at net levels in two years. The next big growth is likely to come from the extension of our Indian presence to a global one where we leverage our considerable intellectual, organisational, technical, administrative and entrepreneurial capital.

FIVE-YEAR OPERATIONAL SUMMARY

Cane Crushed

(in lac tonnes)

Units	2004-05	2005-06*	2006-07	2007-08	2008-09
Balrampur	15.34	22.78	21.50	16.50	9.30
Babhnan	10.41	15.65	16.60	11.08	7.10
Tulsipur	7.71	8.74	12.06	9.94	5.11
Haidergarh	5.18	6.53	7.90	4.72	1.76
Akbarpur	–	7.56	11.37	7.24	4.12
Rauzagaon	–	8.85	9.75	6.77	3.36
Mankapur	–	–	12.75	9.84	6.01
Kumbhi	–	–	0.38	7.46	5.32
Gularia	–	–	–	7.03	6.24
Total	38.64	70.11	92.31	80.58	48.32

Sugar Production

(in lac tonnes)

Units	2004-05	2005-06*	2006-07	2007-08	2008-09
Balrampur	1.57	2.34	2.10	1.66	0.83
Babhnan	1.09	1.62	1.64	1.14	0.65
Tulsipur	0.73	0.87	1.14	0.97	0.48
Haidergarh	0.53	0.65	0.78	0.48	0.16
Akbarpur	–	0.87	1.15	0.74	0.38
Rauzagaon	–	0.91	1.00	0.69	0.31
Mankapur	–	–	1.31	1.02	0.54
Kumbhi	–	–	0.03	0.78	0.50
Gularia	–	–	–	0.71	0.57
Total	3.92	7.26	9.15	8.19	4.42

Alcohol Production

(in kilo liters)

	2004-05	2005-06*	2006-07	2007-08	2008-09
Company as a whole	37,735	57,279	65,292	91,089	48,272

Power Generation

(in lac KwH)

	2004-05	2005-06*	2006-07	2007-08	2008-09
Company as a whole	2,080.81	4,398.50	6,768.06	7,906.88	4,957.54

* 18-months period; year ended on 30th September, 2006

FIVE-YEAR FINANCIAL SUMMARY

Financials

(Rs. in crores)

Units	2004-05	2005-06*	2006-07	2007-08	2008-09
Gross sales	930.26	1989.77	1476.32	1552.50	1771.02
Other operating income	2.70	5.74	8.93	12.02	4.54
Total income	932.96	1995.51	1485.25	1564.52	1775.56
Stock adjustments	(32.15)	281.24	(213.60)	(123.66)	263.28
Raw materials consumed	468.61	937.82	1280.99	1014.16	763.38
Excise duty	116.94	91.35	84.61	88.96	70.97
Gross profit	379.56	685.10	333.25	585.06	677.93
Overheads and all other expenditure	137.38	219.68	235.26	257.67	225.22
Profit from operations	242.18	465.42	97.99	327.39	452.71
Non-operating income	0.25	1.07	1.28	2.11	1.69
PBDIT	242.43	466.49	99.27	329.50	454.40
Interest	18.93	34.51	54.42	89.65	96.85
PBDT	223.50	431.98	44.85	239.85	357.55
Depreciation and amortisation	37.26	67.09	80.22	117.21	107.94
Profit before tax and extraordinary items	186.24	364.89	(35.37)	122.64	249.61
Extraordinary items	22.33	–	–	–	–
Pre-tax profits	163.91	364.89	(35.37)	122.64	249.61
Tax	38.85	73.30	6.48	25.61	23.10
Post-tax profit	125.06	291.59	(41.85)	97.03	226.51
Equity capital	23.18	24.82	24.82	25.55	25.68
Reserves (excluding revaluation reserve)	468.60	880.83	839.17	989.35	1149.39

Value-Added Statement

(Rs. in crores)

Units	2004-05	2005-06*	2006-07	2007-08	2008-09
Income from production	845.47	1617.18	1605.31	1587.20	1436.77
Add: Other income	2.95	6.81	10.21	14.13	6.23
Corporate output	848.42	1623.99	1615.52	1601.33	1443.00
Less: Cost of raw materials consumed	468.61	937.82	1280.99	1014.16	763.38
Less: Other manufacturing expenses	102.38	153.09	159.96	175.71	135.03
Equals gross value-added	277.43	533.08	174.57	411.46	544.59
Less: Depreciation and amortisation	37.26	67.09	80.22	117.21	107.94
Less: Extraordinary items	22.33	–	–	–	–
Equals net value-added	217.84	465.99	94.35	294.25	436.65
Allocation of net value-added					
To personnel	34.98	66.60	75.29	81.97	90.19
To taxes (including tax on proposed dividend)	44.10	85.48	6.48	27.78	36.19
To creditors (via interest)	18.93	34.51	54.42	89.65	96.85
To investors (via dividend)	37.09	86.85	–	12.78	77.03
To the Company (via retained earnings)	82.74	192.55	(41.84)	82.08	136.39

* 18-months period; year ended on 30th September, 2006

FINANCIAL RATIOS

Key Financial Ratios

	2004-05	2005-06*	2006-07	2007-08	2008-09
Overheads / Total income (%)	14.94	11.01	15.85	16.47	12.68
PBDIT / Total income (%)	23.63	23.38	6.68	21.06	25.59
Interest / Total income (%)	2.03	1.73	3.66	5.73	5.45
Interest cover (times)	11.65	13.58	1.85	3.69	4.70
PBDT / Total income (%)	21.60	21.65	3.02	15.33	20.14
Net profit / Total income (%)	13.43	14.61	(2.82)	6.20	12.76
Cash profit / Total income (%)	17.43	17.97	2.58	13.69	18.84
Return on Net Worth (%)	25.51	32.36	(4.86)	9.49	19.28
Return on Capital Employed (%)	26.11	40.13	5.52	13.87	20.11

Balance Sheet Ratios

	2004-05	2005-06*	2006-07	2007-08	2008-09
Debt-equity ratio	0.41	0.39	1.10	1.01	0.83
Inventory cycle (days)	183	36	107	131	71
Current ratio	1.49	1.10	1.02	1.51	2.74
Quick ratio	0.30	0.64	0.42	0.55	1.40
Asset turnover (total revenue / total assets)	0.78	1.09	0.54	0.54	0.66
Fixed assets coverage ratio	1.43	3.20	1.59	1.51	1.83
Debt service coverage ratio	2.55	4.14	0.69	1.67	1.73

Growth Ratios

	2004-05	2005-06*	2006-07	2007-08	2008-09
Growth in turnover (%)	16.09	114.25	(25.52)	5.27	13.49
Growth in PBDIT (%)	70.11	111.94	(78.72)	231.90	37.91
Growth in PAT (%)	106.76	133.15	(114.35)	– **	133.44
Growth in cash profit (%)	78.95	120.96	(89.30)	458.18	56.11
Growth in EPS (%)	94.79	98.07	(113.83)	– **	131.59

* 18-month period; year ended on 30th September, 2006

** Loss to profit

Per Share Data

	2004-05	2005-06*	2006-07	2007-08	2008-09
EPS (Rs.)	6.16	12.19	(1.69)	3.83	8.86
CEPS (Rs.)	7.99	15.00	1.55	8.45	13.08
Dividend (Rs.)	1.60	3.50	–	0.50	3.00
Book value (Rs.)	21.15	36.31	34.69	39.65	45.75
Price / Earnings (times)	11.27	8.32	–	21.18	13.82
Net indebtedness (Rs.)	8.63	14.28	38.32	39.95	37.86

The face value of equity shares was reduced from Rs. 10 to Re. 1/- with effect from 31st March, 2005

* 18-month period; year ended on 30th September, 2006

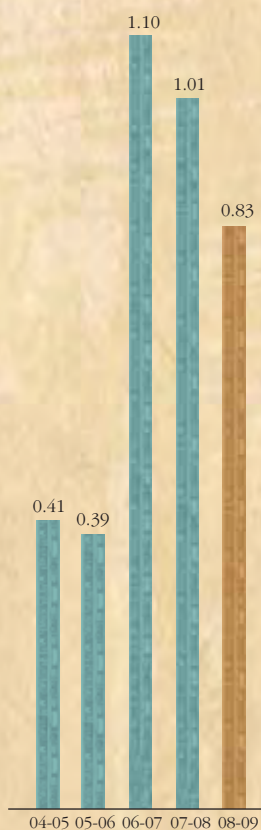
PBDT/ Total income (%)



Cash profit/ Total income (%)



Debt-equity ratio



Book value (Rs.)



SHAREHOLDER VALUE CREATION



Market Capitalisation

Balrampur's market capitalisation increased from Rs. 2071.12 crores as on 30th September, 2008 to Rs. 3143.97 as on 30th September, 2009 as a result of an increase in the Company's stock price in the second half of the financial year.

	31st March, 2005	30th September, 2006*	30th September, 2007	30th September, 2008	30th September, 2009
Market capitalisation (Rs. in crores)	1608.71	2516.29	1874.81	2071.12	3143.97

* 18-month period; market capitalisation as on 30th September, 2006

The face value of equity shares was reduced from Rs. 10 to Re. 1/- with effect from 31st March, 2005

Total Shareholders' Return (TSR)

Total shareholders' return indicates the gain delivered directly in the form of dividend and indirectly in the form of capital appreciation registered by the stock during the financial year under review. The TSR is calculated by adding the dividend to the difference between the closing and the opening market capitalisation (equity shares multiplied by closing market price on the stock exchanges). During the year under review, Balrampur reported a TSR of 54.78%.

Growth Ratios

	2004-05	2005-06*	2006-07	2007-08	2008-09
Closing market price per share (Rs.)	69.40	101.40	75.55	81.05	122.45
Dividend (Rs.)	1.00	3.60	1.50	–	3.00
TSR (%)	131.38	51.30	(24.01)	7.28	54.78

* 18-month period; data as on 30th September, 2006

Economic Value-Added (EVA)

In 2008-09, Balrampur reported an EVA of Rs. 12.84 crores owing to improved profitability. The EVA, designed by Stern, Stewart & Company, captures growth parameters into a unique formula. Its principal highlights comprise:

- ◆ For the cost of shareholders' funds, the actual outgo towards shareholders (dividend, etc.) was ignored. Instead, a market-driven cost of equity funds was considered.
- ◆ The cost of equity was arrived at using the beta-factor for the Company scrip. The risk-free return in the economy was assumed at 6% in the financial year 2008-09; to this, the product of the beta factor and the stock market risk premium was added.
- ◆ The stock market risk premium was what investors expected to earn over the risk-free return from the market.
- ◆ The product of the premium and the beta was what investors expected to earn (over and above the risk-free return of 6%) from the Balrampur scrip in the financial year under review. This was the correct cost of equity funds to consider for the EVA calculation. The beta value was calculated at 0.80.
- ◆ This beta was multiplied by the stock market risk premium assessed at 11% for Balrampur. The result was added to the

risk-free return in the economy to get the Company's cost of equity.

- ◆ The base for calculating the rupee cost of equity was the market capitalisation as on a particular date (because the EVA calculation uses a stock market-driven set of variables for calculating the cost of equity).
- ◆ For the cost of debt, the post-tax marginal cost of borrowing based on average debt during the year and actual outflow of interest and tax were used. The cost of debt for the Company was 7.72%.
- ◆ The weighted average cost of capital was 12.51%.

EVA summary

(Rs. in crores)

PBIT	346.45
Tax	34.49
Adjusted tax	50.93
NOPAT (net operating profit less adjusted tax)	295.52
WACC (weighted average cost of capital)	12.51%
Average capital	2259.97
Cost of capital	282.68
EVA	12.84



REPORT OF THE BOARD OF DIRECTORS

For the year ended 30th September, 2009

Dear Shareholders,

Your Directors have pleasure in presenting their 34th Annual Report along with the audited accounts of the Company for the year ended 30th September, 2009.

Operating and Financial Review

[Rupees in Lacs]

Financial Results	2008-09		2007-08	
Gross Turnover		177101.78		155250.21
Operating Profit Before Interest, Depreciation and Tax		45439.72		32949.44
Interest and Other Financial Charges (Net)	9684.59		8965.11	
Depreciation and Amortisation	10794.38		11720.50	
Provision for Taxation	2310.16	22789.13	2560.90	23246.51
Net Profit		22650.59		9702.93
Add :				
Balance brought forward from the previous year		1599.68		(3608.43)
Profit Available for Appropriation		24250.27		6094.50
Appropriations				
Proposed Dividend on Equity Shares		7702.65		1277.68
Tax on Proposed Dividend		1309.07		217.14
General Reserve		11000.00		3000.00
Leaving a balance to be carried forward to next year's account		4238.55		1599.68
		24250.27		6094.50

Dividend

Your Directors are pleased to recommend payment of Dividend for consideration of the Shareholders on 25,67,55,060 Equity Shares of Re. 1/- each @ 300% i.e. Rs. 3.00 per share.

Operations

The operational data for the last two years are as follows:

Season 2008-09 (2007-08)	Balrampur	Babhnan	Tulsipur	Haidergarh	Akbarpur	Rauzagaon	Mankapur	Kumbhi	Gularia	Total
Crushing capacity (TCD)	12000 (12000)	10000 (10000)	7000 (7000)	5000 (5000)	7500 (7500)	8000 (8000)	8000 (8000)	8000 (8000)	8000 (8000)	73500 (73500)
Start of crushing season	02.12.08 (29.11.07)	02.12.08 (29.11.07)	02.12.08 (29.11.07)	05.12.08 (30.11.07)	29.11.08 (29.11.07)	02.12.08 (29.11.07)	02.12.08 (29.11.07)	25.11.08 (29.11.07)	25.11.08 (04.12.07)	– (–)
Closing of crushing season	01.03.09 (01.05.08)	01.03.09 (10.04.08)	04.03.09 (18.05.08)	04.02.09 (18.03.08)	08.02.09 (20.03.08)	08.02.09 (26.03.08)	28.02.09 (21.04.08)	21.02.09 (21.03.08)	28.02.09 (26.03.08)	– (–)
Duration (Days)	90 (155)	90 (134)	93 (172)	61 (109)	71 (112)	69 (119)	89 (145)	88 (114)	96 (114)	– (–)
Sugar cane crushed (In lac qntls)	93.02 (164.98)	70.95 (110.81)	51.09 (99.45)	17.64 (47.23)	41.16 (72.44)	33.61 (67.67)	60.15 (98.35)	53.23 (74.62)	62.37 (70.26)	483.22 (805.81)
Recovery (%)	8.95 (10.05)	9.14 (10.26)	9.39 (9.74)	9.17 (10.25)	9.26 (10.16)	9.13 (10.28)	8.97 (10.33)	9.35 (10.52)	9.16 (10.08)	9.14 (10.16)
Sugar produced (In lac qntls.)	8.32 (16.57)	6.48 (11.37)	4.80 (9.68)	1.62 (4.84)	3.81 (7.36)	3.07 (6.95)	5.39 (10.15)	4.97 (7.85)	5.71 (7.08)	44.17 (81.85)

Performance 2008-09

The Company achieved admirable results for the year ended 30th September, 2009 despite much lower production and lower recovery during season 2008-09.

Sugar

The sugar segment contributed significantly to the overall profitability of the Company. There was a sharp fall in production of sugar in the country from 26.3 million tonnes in 2007-08 to 14.7 million tonnes in 2008-09. The global average sugar prices also moved up from US\$ 387 in October 2008 to US\$ 610 per tonne in October 2009 owing to adverse weather conditions in Brazil resulting in lower production as well as continuous increased demand in India. Both these factors led to sharp upward movement in prices from Rs. 1780 in September 2008 to plus Rs. 3000 per quintal in the month of September 2009. Average realisation (net of excise duty) for free sale sugar of the Company for 2008-09 was Rs. 2215 as against Rs. 1504 per quintal last year.

The Company also gained substantially from carry over stocks of sugar.

Owing to depressed sugar prices during 2006-07 and 2007-08, the industry was unable to pay the farmers on time whereas for other crops more remunerative prices were

offered to the growers which resulted in diversion of land resources to other crops.

Crushing of sugarcane and production of sugar of the Company during the season 2008-09 was substantially lower at 483.22 lac quintals and 44.17 lac quintals as against 805.81 lac quintals and 81.85 lac quintals, respectively in the earlier year. Recovery was also lower at 9.14% as against 10.16% in the previous season.

The gross turnover, profit before tax and after tax and earning per share have shown a remarkable improvement over the last year.

Power

The profitability reported by power division has been lower on account of inadequate capacity utilisation owing to lower crushing and thereby lower availability of bagasse.

During the year under review, the total power generated by co-generation plants was 4957.54 lac units, as against 7906.88 lac units in the previous year. Consequently, the export to UPPCL was also lower at 3576.58 lac units as against 5735.35 lac units in the previous year. Accordingly, the total value of power exported to the grid was also lower at Rs. 12477.72 lacs as against Rs. 17393.55 lacs in the previous year.

Distillery

The performance of distillery was satisfactory in the given circumstances. It produced 267.05 lac BL industrial alcohol, 101.60 lac BL ethanol and 114.07 lac BL ENA, as against 663.62 lac BL, 174.33 lac BL and 72.94 lac BL, respectively, during the previous year. The average realisation (net of excise duty) per BL of industrial alcohol, ethanol and ENA was Rs. 26.14 in 08-09 as against Rs. 19.62 in 2007-08.

Organic Manure

The performance of organic manure was also satisfactory.

Subsidiary Companies

Indo Gulf Industries Ltd.

During the season 2008-09, the sugar unit of the Indo Gulf Industries Ltd. (IGIL), a subsidiary of the Company has crushed 13.09 lac quintals of sugarcane and produced 1.10 lac quintal of sugar against 29.71 lac quintal of sugarcane and 2.87 lac quintal of sugar respectively in the preceding year. The recovery was also lower at 8.42% against 9.63% in the previous season. The gross turnover of IGIL during the year ended 30th September, 2009 was Rs. 5048.72 lacs and reported a net loss of Rs. 1354.92 lacs. The Board for Industrial & Financial Reconstruction (BIFR) had vide its Order dated 23rd October, 2008 declared Indo Gulf Industries Ltd. (IGIL) a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Company (Special Provisions) Act, 1985 and appointed State Bank of India (SBI) as Operating Agency under Section 17(3) of the Act to examine the viability of IGIL and formulate a rehabilitation scheme based on the IGIL proposal for its revival. IGIL submitted a Draft Rehabilitation Scheme to SBI which is based on demerger of Sugar unit of IGIL, situated at Maizapur, U.P and merger of the said sugar unit with Balrampur Chini Mills Ltd. The explosive units of IGIL are proposed to be continued as the sole business of IGIL in the draft rehabilitation Scheme. The State Bank of India after examining the viability of the Scheme has submitted the same to the BIFR for their needful and approval.

Balrampur Overseas Private Ltd.

Balrampur Overseas Private Ltd. (BOPL), a wholly-owned subsidiary of the Company, incorporated in Hong Kong has reported a net loss of Hong Kong \$ 24682 for the year ended 30th September, 2009.

The statement under section 212(3) of the Companies Act,

1956 in respect of subsidiary companies is separately annexed.

Cane and Sugar Policy

Central Government announced various policy measures during the year under review as well as for the future. Salient features of the sugar policy effective 1st October, 2009 were as follows:

- ◆ Levy sugar component has been increased from 10% in season 2008-09 to 20% for season 2009-10 to meet the requirement under Public Distribution System (PDS) at subsidised rates. This would make available close to 2.6 million tonnes of sugar for PDS. Further, imported raw-sugar and white sugar do not have levy obligation. This is applicable for 2009-10 only.
- ◆ Levy sugar price henceforth shall be computed based on Fair and Remunerative Price [F&RP] in place of Statutory Minimum Price [SMP]. The F&RP would provide reasonable margin for growers on account of risk and profits.
- ◆ F&RP is applicable from 1st October, 2009.
- ◆ All action taken by the Central Government for determination of levy sugar price up to season 2008-09 shall be deemed to be valid notwithstanding anything contained in any judgement, decree or order.
- ◆ Govt of India has allowed duty-free import of raw-sugar till 1st January, 2011 and white sugar up to 31st March, 2010 to improve the availability of sugar in the domestic market.
- ◆ For season 2009-10, the Central Government has announced the F&RP at Rs. 129.84 per quintal linked to a basic recovery of 9.5% subject to a premium of Rs. 1.37 per quintal for every 0.1% increase in recovery above that level.
- ◆ The U.P. Government has announced the sugarcane price at Rs. 165 per quintal for normal variety. However, Uttar Pradesh Sugar Mills Association [UPSMA] has declared one time incentive of Rs. 25 over and above the above SAP for season 2009-10. Hence total price payable for season 2009-10 would be Rs. 190 as against Rs. 140 per quintal paid during season 2008-09.

Legal Cases related to Cane Price

The Special Leave Petition (SLP) filed by the industry against the order of the Hon'ble Allahabad High Court, Lucknow Bench upholding the State Advised Price (SAP) for cane fixed by the State Government of U.P. at Rs. 125 per quintal for the season 2007-08 before the Hon'ble Supreme Court is

pending. However, the industry had to pay Rs. 110 per quintal by virtue of the interim order of the Hon'ble Supreme Court pending its decision. Another Bench of the High Court quashed the SAP holding it illegal, which was challenged by an SLP by the State Government before the Supreme Court. This is also pending.

The Government of U.P. announced the SAP at Rs. 140 per quintal for the season 2008-09. The industry filed a Writ Petition before the High Court which was rejected by the said Court. The Order of the Court has also been challenged by an SLP before the Supreme Court by the industry, which is pending. In the meantime, considering various factors, all factories have paid on the basis of the price fixed by the State Government.

Power Policy

The Uttar Pradesh Government has very recently announced "Energy Policy 2009" which has special relaxations for the co-generation plants facing shortage of fuel and thus emphasis was laid to utilise the idle capacity to bridge the demand-supply gap in the energy deficient State. The relaxations as announced by the U.P. Govt were as follows

- i) Renewable energy [bagasse] based co-generation plants would be allowed usage of fossil fuel such as coal or gas to generate power in off-season.
- ii) As an incentive, all existing or future co-generation plants [bagasse or bio-mass] will be allowed to sell 10% of their total generation under open access to third party for next 10 years.
- iii) As an incentive for off-season generation the state will allow 50% of the power to be sold anywhere under open access system.

New Tariff

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has revised the tariff for bagasse-based co-generation plant for a period of 5 years i.e. for the financial year 2009-10 to 2013-14. By virtue of the said order, the effective tariff rate for the bagasse based cogen plant of the Company would be increased by about 30% on an average. This would result in higher revenue and profits to the Company.

Ethanol Policy

Recently Government re-iterated its stand to implement 5%

ethanol blending with petrol mandatory. This would result in better utilisation of Alcohol Division. Oil marketing companies have invited tenders for the purchase of ethanol. Various sugar mills participated in this tender which is yet to be finalised.

Fresh tenders are expected in the range of Rs. 26/27 per litre compared to Rs. 21.50 earlier.

Modification of Boilers for use of alternate fuel and setting up of refinery at Haidergarh

Encouraged by change in the Power Policy by U.P. Govt, the Company has decided to embark upon modification of boilers and plant and machinery at Haidergarh for use of coal as alternate fuel during off-season. Owing to the above modification of boiler at Haidergarh Unit, there would be continued availability of power during off-season.

India might not be self-sufficient in balancing between demand and supply and hence import of raw sugar and white sugar would be imminent in next couple of years. Since power would be available from alternate fuel coal in off-season, the Company has contemplated to put up a refinery in Haidergarh unit. Both would cost about Rs. 12 crores which would be funded through internal accruals.

Outlook

With the growth in GDP, the country is witnessing consistent increase in sugar consumption. The rising consumption pattern is evidenced by the annual 25% increase in sugar off-take by Pepsi and Coke. Steady and robust growth in consumption would impart long-term strength and sustainability in the sugar sector.

The Company imported 85000 tonnes of raw sugar at around US\$ 385 which would be processed in season 2009-10 and it is expected to yield handsome profits when processed and sold during 2009-10.

Sugar production in the country during 2009-10 season is estimated at 16 million tonnes as against 14.7 million tonnes produced in season 2008-09. The estimated production thus would be far short of estimated consumption of 23 million tonnes. The gap between supply and demand shall be met through import of raw-sugar and white sugar.

Brazil, the largest global sugar producer, is also facing adverse weather conditions. This is likely to restrict their sugar production to last year's level. Brazil is also expected to divert a significant part of the cane crop into production

of Ethanol in view of rising crude oil prices.

Huge demand of import from India and flat production all over the world is expected to result in higher sugar prices in the global market.

Sugar price in India is expected to remain robust in view of the reasons mentioned above.

Modification in the power policy for season and off season would bring in sustainable profitability through better capacity utilisation in coming years.

Listing of Equity Shares

Your Company's equity shares are listed on the Calcutta, Bombay and National Stock Exchanges. Application for delisting of the shares from Calcutta Stock Exchange is pending. Your Company has paid the annual listing fees to each of these Stock Exchanges. The GDRs are listed on the Luxembourg Stock Exchange.

Corporate Governance

As per Clause 49 of the Listing Agreement with the stock exchanges, Management Discussion and Analysis, a report on Corporate Governance together with the Auditors' Certificate on the compliance of conditions of Corporate Governance form part of the Annual Report.

Credit Rating

The credit rating of A1 for short-term debts enjoyed by your Company has since been revised to A1+ by ICRA for a sum of Rs. 200 crores.

Change in Capital Structure

The Company issued and allotted 12,18,750 Equity Shares of Re.1/- each at a price of Rs. 45 per share (including premium of Rs. 44 per share) upon exercise of 12,18,750 options under the Employee Stock Option Scheme.

Consequently, the issued and subscribed share capital of the Company as at 30th September, 2009 stands increased to 25,67,55,060 Equity Shares of Re. 1/- each.

The Company had allotted 1,00,00,000 convertible warrants on 4th January, 2008, to be converted into equal number of equity shares at Rs. 92/- per warrant to the promoter group on preferential basis in accordance with the SEBI [DIP] Guidelines. The Company had received upfront money an amount equivalent to the price fixed i.e. Rs. 9.20 per warrant aggregating to Rs. 9.20 crores towards allotment money on

these convertible warrants. In January 2008, the industry was passing through a severe crisis due to which most companies were under a tremendous cash crunch. In this backdrop and considering the cash needs of the Company, the Company brought in about 76.36 crores through a combination of fully paid up equity share and 10% of paid up warrants. Now the financial position of the Company has undergone a sea change, with the results that the Company today is having sufficient cash surplus for normal operations. As such the promoters have not exercised option for conversion of 1,00,00,000 convertible warrants and the upfront money @ 10% made by the promoters aggregating to Rs. 9.20 crores was forfeited pursuant to SEBI (DIP) Guidelines.

Employee Stock Option Scheme

Your Company has formulated and implemented an Employee Stock Option Scheme in accordance with the guidelines issued by the SEBI. Pursuant to the scheme, on 25th November 2008 and on 28th May 2009, 12,80,000 and 14,64,500 stock options respectively, were granted to the eligible employees including the Whole time Directors. The details of options granted and outstanding as on 30th September, 2009 along with other particulars as required by Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Auditor's Certificate required to be placed at the forthcoming AGM, pursuant to Clause 14 of the said Guidelines, are set out in the Annexure to the report.

Directors

Shri K.N. Ranasaria has ceased to be Whole time Director of the Company with effect from 12th May, 2009 on completion of his term.

Shri Sudhir Jalan and Shri M.M. Mukherjee resigned from the Directorships of the Company.

The Board placed on record its high appreciation for the valuable services rendered by Shri K.N. Ranasaria, Shri Sudhir Jalan and Shri M.M. Mukherjee during their tenure as Directors of the Company.

Shri Suresh Neotia resigned from the Directorship of the Company, to retire from the corporate life, and consequently ceased to be the Chairman of the Company. Mr. Neotia's guidance has been invaluable to the Board for last 25 years as a Director including as Chairman for last two years. His ability and understanding of all aspects of Corporate Life has

been an invaluable asset to the Company. The Board placed on record its deep appreciation for the outstanding contribution made by Shri Neotia during his tenure as a Director and as Chairman of the Company.

Shri Naresh Chandra (Retired IAS) has been appointed as Chairman in place of Shri Suresh Neotia.

Shri R. Vasudevan (Retired IAS) has been appointed as an Additional Director of the Company by the Board in its meeting held on 25th November, 2009. He is an Independent Director and shall hold office upto the date of the ensuing Annual General Meeting and the Company has received a requisite notice under Section 257 of the Companies Act, 1956 from a member proposing Shri R. Vasudevan as a Director of the Company.

Shri Naresh Chandra and Shri Kishor Shah, Directors of your Company, retire from the Board by rotation and are eligible for re-election.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that –

- i. In preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year, and of the profit of your Company for that period.
- iii. The Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, and
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.

Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, are given in a separate annexure attached hereto and forms part of this report. However, as permitted by Section 219(1)(b)(iv) of the

Companies Act, 1956 the Abridged Annual Report is being sent to all the members of the Company excluding the said Annexure.

Conservation of Energy, etc

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956, are given in a separate annexure attached hereto and form part of this report. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956 the Abridged Annual Report is being sent to all the members of the Company excluding the said Annexure.

Fixed Deposits

The Company has not accepted any deposit under section 58A of the Companies Act, 1956 during the year.

Auditors and Auditors' Report

M/s. G.P. Agrawal & Co., Chartered Accountants, Auditors of your Company, retire and being eligible, offers themselves for re-appointment. The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanations/ comments.

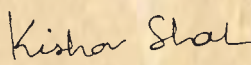
Cost Auditors

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s. N. Radhakrishnan & Co, Cost Accountants, have been appointed to conduct cost audits relating to sugar.

Appreciation

Your Board of Directors take this opportunity to express their grateful appreciation for the continued co-operation and support received from the Financial Institutions, Central Government, Government of U.P, State Bank of India, other Bankers, Shareholders, Employees and Customers for the growth of the organisation.

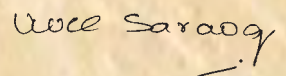
For and on behalf of the Board of Directors


Kishor Shah

Director-cum-Chief Financial Officer

Kolkata

25th November, 2009


Vivek Saraogi

Managing Director

Annexure to the DIRECTORS' REPORT

Information pursuant to the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th September, 2009

A. Conservation of Energy

- a) Your Company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are:
- i) Installation of high-efficiency spreader stocker type, travelling grates, high pressure boilers.
 - ii) Installation of bigger size, constant ratio mill with variable speed, DC motor drive having full auto-control, hydraulic cane unloaders, rotary-screens, juice-flow stabilisation system, continuous sulphur burner, high-efficiency centrifugal pumps, fluidised bed sugar drier and sugar bag conveying system, efficient and automatic centrifugal machines, semi kesteners etc.
 - iii) Installation of condensing-cum-extraction turbine, variable frequency drives with different machines, fans, heat recovery units in boilers, pre-heaters for boiler feed water, distributed control system for centralised efficient operation.
 - iv) Replacement of clear bulb (40 watts) with CFL (15 watts), recycling of process water and to reduce extraction of ground water, Optimum and effective utilisation of steam and balancing of motors in the plant.
- b) Additional investments and proposals being implemented for reduction of consumption of energy: Falling film evaporators
- c) The impact of above measures are expected to reduce the consumption of fuel and power substantially and consequently the cost of production.
- d) The required data with regard to conservation of energy are furnished below:

A) Power and Fuel Consumption

	2008-09	2007-08
1. a) Purchased (units in lacs) (excluding domestic units)	2.99	2.08
Total amount (Rs. lacs)	17.87	11.99
Rate per unit (Rs.)	5.97	5.77
b) Own Generation		
i) Through Diesel Generator Sets (units in lacs)	13.05	21.14
Units per ltr. of Diesel	3.46	3.31
Cost/unit (Rs.)	9.88	9.63
ii) Through Steam Turbine/ Generator (units in lacs)	1314.08	2141.10
Unit per quintal of bagasse cost/unit	Steam produced by	use of own bagasse
2. Coal (specify quality and where used quantity) (tonnes)	Not directly consumed in production	Not directly consumed in production
Total amount /average cost	-do-	-do-
3. Furnace Oil (qty.k.ltrs.)		
Total amount /average rate	-do-	-do-
4. Other/Internal Generation	-do-	-do-
Quantity total cost rate/unit	Nil	Nil

B) Consumption per unit of Production

	2008-09	2007-08
Sugar Production (lac quintal)	44.34	81.98
Electricity (units per quintal of production)	30.00	26.40
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Other (specify)	Nil	Nil

B. Research and Development, Technology Absorption

Your Company has been carrying out programme for assisting farmers to produce improved variety of sugarcane and gap filling process resulting in increased yield and recovery and helps farmers to protect sugarcane from diseases or to eradicate seed borne diseases. The Company also facilitates farmers to produce multi crops in between the inter-cropping of sugarcane. Rearing of speed nurseries of new improved varieties carried out for varieties replacement.

Owing to the above efforts, a higher yield of disease free cane will be available to the Company, resulting in a higher return to the Company and the cane growers. Multi cropping also helps farmers to get more returns.

Future Plans

The Company shall continue to assist farmers to get improved variety of disease free sugarcane with higher yield and recovery and would also provide better irrigation facility to growers of sugarcane. The Company shall install the plant and machinery with latest technology at its factories, if the industry in which the Company is engaged demands as such.

Expenditure incurred on Research and Development: Nil

The Company has not imported any technology.

C. Foreign Exchange Earning and Outgo

	2008-09	2007-08
i) Activities relating to exports initiative taken to increase exports	Nil	Various export proposals are being examined
ii) Development of new export market for product and services and export plan	Nil	- do -
iii) Total foreign exchange earnings (Rs. lacs)	768.75	281.93
iv) Used (Rs. lacs)	11027.73	3492.36

For and on behalf of the Board of Directors

Kolkata
25th November, 2009

Kishor Shah
Director-cum-Chief Financial Officer

Vivek Saraogi
Managing Director

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and forming part of the Director's report for the year ended 30th September, 2009.

Name	Designation, Nature of Duties	Remuneration (Rs.)	Qualification and Experience (years)	Age (years)	Date of Commencement of Employment	Last Employer, Designation
Employed throughout the year						
Agarwal N.C.	Sr. G.M. (Tech.)	4509071	B.Sc., B.E. (Mech.), A.N.S.I. (Sugar Engg.), [33]	59	15th September, 2004	Bajaj Hindusthan Ltd., G.M.-Engg.
Agarwal N.K.	Executive President	3631610	Diploma in Mechanical Engineering, (27)	51	8th June, 2006	Bajaj Hindusthan Ltd., Vice-President
Agrawala S.K.	Company Secretary	4227969	B.Com (Hons), AASM, FICWA, FCS (33)	54	20th January, 1995	Birla Cotton Spg. & Wvg. Mills Ltd., Secretary
Bajaj J.K.	Sr. G.M. – Sales and Marketing	3963337	B.Com., [44]	59	Service transferred from Balrampur Sugar Co. Ltd.	Balrampur Sugar Co. Ltd., Cashier
Chaturvedi G.V.	Sr. G.M. – (Prod.)	3976387	B.Sc., A.N.S.I., [24]	46	1st January, 2001	Basti Sugar Mill, Addl. Chief Chemist
D Souza Leslie	Addl. G.M. – (Comml.)	2568256	B.Com., Dip. in Tax & Business Management, [37]	59	12th May, 1999	The Narang Industries Ltd., A.G.M.
Gangwar H.S.	Chief General Manager	3834155	Dip. in Mechanical Engineering, A.N.S.I. in Sugar Tech, (30)	53	20th May, 2006	Oudh Sugar Mills Ltd., Executive President
Gupta Anil	Chief General Manager (Power)	3316284	Dip. in Mech. Engg. (B.O.E.), [26]	47	24th March, 2003	Thermax Ltd. (Cogen Div.), Manager Commissioning
Jogi P. M.	G.M. – (Cane)	3072188	B.Com., [33]	59	1st March, 1976	None
Khetan G. L.	Chief General Manager	5230159	B.Com. (Hons), FCA, (26)	50	1st August, 1990	Hindustan Development Corporation Ltd., Manager-Accounts & Administration
Khetan N. K.	Chief General Manager (Corporate Affairs)	5227443	B.Com. (Hons), FCA, (25)	51	1st June, 1989	M/s M. Kumar Jain & Co., Partner
Mishra S. N.	Executive President	3139892	B.Sc., A.N.S.I. (Sugar Tech.), [29]	51	3rd August, 2007	Bajaj Hindusthan Ltd., Vice-President (Project)
Ranasaria K. N.	Advisor	4628908	M.A. (Sahityaratna), (46)	74	Service transferred from Balrampur Sugar Co. Ltd.	Balrampur Sugar Co. Ltd., Secretary
Saraogi Meenakshi	Jt. Managing Director	19984868	B.A. (27)	65	1st October, 1982	None
Saraogi Vivek	Managing Director	19080701	B.Com (Hons.), (22)	43	3rd July, 1987	None
Shah Kishor	Director-cum-Chief Financial Officer	6491667	B.Com., ACA, (21)	45	24th January, 1994	Independent consultancy
Sharma N. C.	Sr. G.M. – Production	2899489	B.Sc., A.N.S.I. Sugar Technology, [27]	50	21st June, 2003	Simbhaoli Sugar Mills Ltd., Chief Chemist
Shrawat P. K.	Executive President	5362562	B.Sc., Engineering (Mech.), (37)	62	8th April, 2004	New Swadeshi Sugar Mills, Executive V.P.
Singh B. M.	Sr. G.M. – (Engg.)	3429231	Dip. in Mech. Engg., [31]	59	8th June, 1999	K.M. Sugar Mill, Chief Engineer

Name	Designation, Nature of Duties	Remuneration (Rs.)	Qualification and Experience (years)	Age (years)	Date of Commencement of Employment	Last Employer, Designation
Singh Karan	Sr. G.M. – Cane	2792433	M.Sc. (AG), [32]	56	4th August, 2005	Triveni Engg. & Industries Ltd., Chief Manager – Cane
Singh K. P.	Executive President	3381122	Diploma in Mech. Engineering (32)	52	16th September, 2002	Ghaghara Sugar Ltd., D.G.M. (Engg.)
Singh P. R.	Executive President	5347071	B.Com., PGDBM, LLB (44)	61	1st August, 2003	JK Industries Ltd., Chief Executive
Srivastava S. L.	G.M. – (Admn.)	3060930	B.A., [52]	71	Service transferred from Seksaria Sugar Mills Ltd.	Seksaria Sugar Mills Ltd., Steno
Srivastva G. K.	Sr. G.M. – (Admn. & Legal)	2955627	M.A., L.L.B. & PGDBM, [37]	58	12th September, 2005	Triveni Engg. & Industries Ltd., G.M.– Factory and Legal
Tripathi Purushottam	Sr. G.M. – (P & L)	2615322	M.A., L.L.B., Dip. in HRM, [33]	54	1st August, 2003	Ghaghara Sugar Ltd., Manager – Legal and Liasion
Employed for a part of the year						
Agarwal Sanjay	Chief General Manager	1657158	B.Com (Hons), ACA, [15]	39	17th August, 1998	Petro Farms Ltd., Sr. Manager –Accounts and Finance
Tamak R. L.	Chief Executive – Operations	2992997	B. Sc. [Hons.] Ag., FSTA, [24]	45	9th June, 2005	DCM Shriram Consolidated Ltd., Joint Vice-president

Notes:

- 1) Remuneration includes salary, commission, Company's contribution to provident fund and monetary value of perquisites but does not include contribution to gratuity fund.
- 2) The appointments in respect of Managing / Wholtime Directors are contractual. Others terms and conditions are as per rules of the Company.
- 3) Shri Vivek Saraogi (Managing Director) and Smt. Meenakshi Saraogi (Jt. Managing Director) are related to each other.

For and on behalf of the Board of Directors

Kolkata
25th November, 2009

Kishor Shah

Kishor Shah

Director-cum-Chief Financial Officer

Vivek Saraogi

Vivek Saraogi

Managing Director

Annexure to the DIRECTORS' REPORT

Statement as at 30th September, 2009 pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.

a) Description

Year	2005	2006	2007	2008	2009
No. of Options Granted	6,22,500	8,83,000	9,95,500	12,80,000	14,64,500
Date of Grant	31st October, 2005	27 November, 2006	27th November, 2007	25th November, 2008	28th May, 2009
Exercise price per share (Each option is equivalent to one equity share of the face value of Re.1/- each of the Company)	Rs. 45 (revised from Rs. 74.60)	Rs. 45 (revised from Rs. 104.10)	Rs. 45 (revised from Rs. 72.20)	Rs. 45 (revised from Rs. 74.20)	Rs. 45

b) Pricing Formula

The exercise price of the options is determined by the Remuneration Committee on the date the option is granted. It was based on the average daily closing market price of the equity shares of the Company during the preceding 26 weeks, prior to the date of grant (on the stock exchange it was traded most).

The shareholders of the Company at their Extra-Ordinary General Meeting held on 25th May, 2009 has accorded approval to re-price the exercise price of the options granted in the years 2005, 2006, 2007 and 2008, which were not exercised, and also the exercise price in respect of options to be granted for the year 2009 at 20% discount to the average daily closing market price of the Company's share, on the stock exchange it is traded most, during the preceding 26 weeks prior to the date of the meeting to be held to re-price the exercise price of the unexercised options and options to be granted for the year 2009. Accordingly, the Remuneration Committee on 28th May, 2009 re-priced the exercise price of the unexercised options at Rs. 45 per equity share for the years 2005, 2006, 2007 and 2008 and granted stock options for the year 2009 at an exercise price of Rs. 45 per equity share.

c) Options Vested: 19,93,500

d) Options Exercised: 13,00,400

e) Total number of equity shares arising as a result of Exercise of Options: 13,00,400 equity shares of Re.1/- each.

f) Options Lapsed: 5,93,500

g) Variation of Terms of Option: Re-pricing of options, as stated above.

h) Money realised of the Exercise of Option: Rs. 6,09,34,840

i) Total no of Option in Force: 3,351,600

j) Details of Option Granted to

i) Senior Managerial Personnel:

Name	Designation	Number of Options Granted during the Financial Year ended 30th September, 2009
1. Sri Kishor Shah	Director-cum-CFO	20,000
2. Dr. Arvind Krishna Saxena	Wholetime Director	20,000
3. Sri K.N. Ranasaria	Advisor	20,000
4. Sri S.K. Agrawala	Company Secretary	20,000
5. Sri P.K. Shrawat	Executive President	20,000
6. Sri P.R. Singh	Executive President	20,000
7. Sri K.P. Singh	Executive President	20,000
8. Sri N.K. Agarwal	Executive President	20,000
9. Sri S.N. Mishra	Executive President	20,000

ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year – NIL

iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and

conversions) of the Company at the time of grant – NIL

k] Diluted earnings per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard [AS] 20 Earning per share is Rs. 8.84

l] i) The employee compensation cost was calculated using the intrinsic value method of accounting for options issued under BCML Employees' Stock Option Scheme. The stock-based compensation cost as per the intrinsic value method for year ended 30th September, 2009 is Rs. 89110448.

ii) The employee compensation cost that would have been recognised if the Company had used the fair value of the options was Rs. 106718246. The difference between the employee compensation cost so computed at (i) above and the employee compensation cost that would have been recognised if the Company had used the fair value of the options was Rs. 17607798.

The above also includes cost arises due to re-pricing of unexercised options as stated above.

iii) Impact of this difference on profits and EPS of the Company: The effect of adopting the fair value method on the net income and earning per share is presented below:

Net Income/(Loss)	Rs. in lacs
As reported	22650.59
Add: Intrinsic value Compensation cost	891.10
Less: Fair value compensation cost (Black Scholes Model)	1067.18
Adjusted Net Income/(Loss)	22474.51

Earning per share	Basic (Rs.)	Diluted (Rs.)
- As reported	8.86	8.84
- As adjusted	8.79	8.77

m] The weighted average exercise price of the options granted on 25th November, 2008 and 28th May, 2009 is Rs. 45 per equity share. The weighted average fair value of options is Rs. 15.30 per option and Rs. 59.80 per option respectively.

n] A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted-average information is given below

	2009	2008
1) Method	Black Scholes Model	
2) Risk-free interest rate	7.07%	7.37%
3) Expected life	9 years (including vesting period of 1 year)	
4) Expected volatility	29.13%	22.72%
5) The price of the underlying share in market at the time of option grant	82.35	35.40

For and on behalf of the Board of Directors

Kishor Shah

Kishor Shah
Director-cum-Chief Financial Officer
Kolkata
25th November, 2009

Vivek Sarangi

Vivek Sarangi
Managing Director

Auditors' Certificate as required under Clause 14 of the SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

We have examined the books of account and other relevant records of Balrampur Chini Mills Ltd. having its registered office at 'FMC Fortuna', 2nd floor, 234/3A, A.J.C. Bose Road, Kolkata-700 020 and based on the information and explanations given to us, we certify that in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the special resolution passed by the Company in the Extra-ordinary General Meeting held on 8th September, 2005 and 25th May, 2009.

For **G.P. Agrawal & Co.**
Chartered Accountants

Sunita Kedia

(CA. Sunita Kedia
Membership no. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
25th November, 2009.



CORPORATE GOVERNANCE REPORT

Philosophy on Code of Governance

We believe that the Corporate Governance is the set of processes, customs, laws, policies and principles which guides an organisation to excel in its functioning, administration and control in the best possible interest of all its stakeholders including society at large. A good Corporate Governance generates from the mindset of the organisation and based on the principles of equity, transparency, accountability, fairness and commitment to do things in a manner wherein all resources be utilised optimally to meet stakeholders aspirations and societal expectations.

We at Balrampur Chini, since its inception, being always guided by ethical principles and being transparent and fair in our business dealings and administration, have adequate

system of control and check is in place to ensure that the executive decisions should result in optimum growth and development which benefits all the stakeholders. The Company aims to increase and sustain its corporate value through growth and innovation.

Board of Directors

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board. As on 30th September, 2009, the constitution of the Board was

- ◆ Two Promoters, Executive Directors
- ◆ Two Non-Promoters, Executive Directors
- ◆ Five Independent, Non-Executive Directors

During the year ended 30th September, 2009, four Board meetings were held. The Company has held at least one meeting in every quarter and the time gap between two board meetings did not exceed four months as prescribed under Clause 49. The details are as follows

Sl. No.	Date of Board Meeting	Board Strength	Number of Directors present	Number of Independent Directors present
1	25th November, 2008	11	7	4
2	30th January, 2009	11	9	5
3	25th April, 2009	11	9	5
4	27th July, 2009	9	5	3

The composition of the Board of Directors as on 30th September, 2009, the number of other Board of Directors or Board Committees of which he/she is a member/Chairperson and the attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as under

Name of the Director [1]	Category [2]	No. of other Directorships* (Public Ltd. Company) [3]	No. of Membership/ Chairmanship on other Board Committees** [4]	No. of Board Meetings attended [5]	Attendance at last AGM [6]
Shri Suresh Neotia (Chairman)	Independent, Non-executive	2	Nil	4	No
Shri Vivek Saraogi (Managing Director)	Promoter, Executive	1	Nil	4	Yes
Smt. Meenakshi Saraogi (Jt. Managing Director)	Promoter, Executive	Nil	Nil	2	No
Shri Sudhir Jalan (ceased from directorship w.e.f. 27th July, 2009)	Independent, Non-executive	N.A	N.A	3	No
Shri R.K. Choudhury	-do-	9 (including 2 as Chairman)	3	1	No
Shri S.B. Budhiraja	-do-	3	3 (including 1 as Chairman)	4	Yes
Shri M.M. Mukherjee	-do-	Nil	Nil	3	Yes
Shri Naresh Chandra	-do-	10	10 (including 1 as Chairman)	2	No
Shri K.N. Ranasaria (Wholetime Director) (ceased from directorship w.e.f. 12th May, 2009)	Non-promoter Executive	N.A.	N.A.	3	Yes
Shri Kishor Shah [Director-cum-Chief Financial Officer]	Non-promoter Executive	Nil	Nil	4	Yes
Dr. Arvind Krishna Saxena	Non-promoter Executive	1	1	Nil	No

(*) Excludes membership of the Managing Committee of various chambers/bodies and directorship in Private Ltd. Companies/Companies under section 25 of the Companies Act/ foreign companies.

(**) For reckoning the limit, the membership/ chairmanship of the Audit Committee and Shareholders' Grievance Committee of the Indian Public Ltd. Companies were considered.

The composition of the Board and other provisions as to Board and Committees are in compliance with the clause 49. All the Independent Directors qualified the conditions for being Independent Director as prescribed under Clause 49. No Director is related to any other Director, except Shri Vivek Saraogi and Smt. Meenakshi Saraogi, who are related to each other, as Shri Vivek Saraogi is son of Smt. Meenakshi Saraogi. Further, the Board periodically reviews compliance reports of all laws applicable to the Company and necessary steps are being taken to ensure the compliance in law and spirit.

Board Committees

Audit Committee

Composition

The Audit Committee of the Company comprises four Directors – three of whom are Independent, Non-Executive and one is Promoter, Executive. All of them are experts in corporate finance, accounts and corporate law. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The Company Secretary acts as the secretary to the Committee. The Chief Financial Officer, the Statutory Auditor, Cost Auditor and the Internal Auditor of the Company are permanent invitees at the meetings of the Committee. The composition of the Audit Committee meets the requirement of the Clause 49 and the provisions of the Companies Act, 1956.

The composition of the Audit Committee

Sl. No.	Name of Directors	Position
1	Shri S.B. Budhiraja	Chairman, Independent, Non-Executive
2	Shri M.M. Mukherjee	Vice-Chairman, Independent, Non-Executive
3	Shri Suresh Neotia	Member, Independent, Non-Executive
4	Shri Vivek Saraogi (Appointed on 25th November, 2008)	Member, Promoter, Executive
5	Shri Sudhir Jalan (Resigned w.e.f. 27th July, 2009)	Member, Independent, Non-Executive

The Audit Committee has the following powers

- 1) To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- 2) To investigate any activity within its terms of reference.
- 3) To seek information from any employee.
- 4) To obtain outside legal or other professional advice.
- 5) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
8. Discussion with internal auditors, about any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters, where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and the scope of audit as well as the post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders,

shareholders (in case of non-payment of declared dividends) and the creditors.

12. Reviewing the Company's financial and risk management policies,
13. Carrying out such other functions which, may be, from time to time specifically referred by the Board of Directors.

The Audit Committee also reviews the following information

1. The Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by the management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief internal auditor; and
6. Review of uses/ application of funds raised through (public issue, right issue, preferential issue, GDR etc.)

Meetings and Attendance

During the year ended 30th September, 2009 four Audit Committee Meetings were held on 25th November, 2008, 30th January, 2009, 25th April, 2009 and 27th July, 2009.

Name of Directors	Number of Meetings Attended
Shri S.B. Budhiraja	4
Shri M.M. Mukherjee	3
Shri Suresh Neotia	4
Shri Vivek Saraogi (Appointed on 25th November, 2008)	3
Shri Sudhir Jalan (Resigned w.e.f. 27th July, 2009)	3

Shri S.B. Budhiraja, Chairman attended the AGM held on 30th January, 2009 and replied to the queries related to accounts to the satisfaction of the shareholders.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Executive Directors of the Company. The Remuneration Committee comprises three Directors, all of whom are Non-Executive, Independent Directors. The members of the committee are Shri Naresh Chandra, Shri Suresh Neotia, and

Shri R.K. Choudhury. Shri Sudhir Jalan ceased to be member of the Remuneration Committee w.e.f. 27th July, 2009. Shri Naresh Chandra is the Chairman of the Committee.

The Remuneration Committee also administers the Employee Stock Option Scheme, which was approved by a resolution of shareholders at the Extra-ordinary General Meetings of the Company held on 8th September, 2005 and 25th May, 2009. During the year ended 30th September, 2009, three Remuneration Committee meetings were held on 25th November, 2008, 25th April, 2009 and 28th May, 2009. The attendance of the members at the meetings was as follows

Name of Directors	Number of Meetings Attended
Shri Naresh Chandra	2
Shri Suresh Neotia	3
Shri R.K. Choudhury	1
Shri Sudhir Jalan (Resigned w.e.f. 27 July, 2009)	3

Remuneration Policy

Remuneration of employees largely comprises base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres/grades are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation, reward merits and protect organisational stability and flexibility.

The Company pays remuneration by way of salary and perquisites to the Managing Director, Joint Managing Director and the Whole time Directors. The Managing Director, the Joint Managing Director and the Director-cum-Chief Financial Officer are also entitled to receive an Annual Commission. The salary and the commission is recommended by the Remuneration Committee to the Board of Directors and placed before the shareholders' meeting for approval. The commission payments to the Managing Director, Joint Managing Director and Director-cum-Chief Financial Officer are at the rate of one per cent of the Net Profits of the Company, subject to a ceiling of Rs. 90 lacs p.a. each in case of Managing Director, Joint Managing Director and Rs. 30 lacs p.a. in case of Director-cum-Chief Financial Officer.

The Non-Executive Directors are remunerated by way of commission and sitting fees of Rs. 10000 for attending each

Board of Directors meeting and committee meeting.
The aggregate commission payable to the Non-Executive Directors is up to one per cent of the Net Profits of the

Company with a maximum ceiling of Rs. 20 lacs per annum in such proportion and manner as fixed by the Board of Directors.

Details of Remuneration to the Directors for the year ended 30th September, 2009:

Name of the Directors	Salary (Rs.)	Benefits (Rs.)	Bonus (Rs.)	Commission (Rs.)	Sitting fees (Rs.)	Total (Rs.)	No. of Stock Options Granted*	Service Contract/ Notice Period/ Severance fees
Shri Suresh Neotia	-	-	-	345388	120000	465388	-	Retire by rotation
Shri Vivek Saraogi	9000000	1080701	-	9000000	-	19080701	-	Term of office valid up to 31.03.2011. No notice period and no severance fees.
Smt. Meenakshi Saraogi	9000000	1984868	-	9000000	-	19984868	-	Term of office valid up to 30.09.2010. No notice period and no severance fees.
Shri Sudhir Jalan (Resigned w.e.f. 27 July, 2009)	-	-	-	273060	170000	443060	-	Ceased from directorship
Shri R.K. Choudhury	-	-	-	345388	100000	445388	-	Retire by rotation
Shri S.B. Budhiraja	-	-	-	345388	80000	425388	-	-do-
Shri M.M. Mukherjee	-	-	-	345388	80000	425388	-	-do-
Shri Naresh Chandra	-	-	-	345388	40000	385388	-	-do-
Shri K.N. Ranasaria#	1564301	196576	294194	-	-	2055071	40000	Ceased from directorship
Shri Kishor Shah	3116667	375000	-	3000000	-	6491667	50000	Terms of office valid up to 30.01.2011 subject to re-appointment after retirement by rotation. No notice period, no severance fees.
Dr. Arvind Krishna Saxena	884400	544388	-	-	-	1428788	35000	Terms of office valid up to 31.07.2011 subject to re-appointment after retirement by rotation. No notice period, no severance fees.

Note: The amount of gratuity has not been shown in the above table, as the Managing Directors and Wholetime Directors are entitled to receive gratuity at the end of their tenure

Shri K N Ranasaria has ceased from the directorship on completion of his term on 11th May, 2009. Remuneration shown is for the period from 1st October, 2008 to 11th May, 2009. Grant of Option to Shri Ranasaria is shown up to 11th May, 2009.

* Employee Stock Options (each option equivalent to one equity share of the face value of Re. 1/- each of the Company) were granted on 31st October, 2005 at an exercise price of Rs. 74.60 per equity share, on 27th November, 2006 at an exercise price of Rs.104.10 per equity share, on 27th November, 2007 at an exercise price of Rs. 72.20 per equity share and on 25th November, 2008 at an exercise price of Rs. 74.20 per equity share. Consequent to the shareholders approval at their Extra-Ordinary General Meeting held on 25th May, 2009, the exercise price of options granted in the years 2005, 2006, 2007 and 2008, which have not been exercised, were re-priced at Rs. 45/- per equity share by the Remuneration Committee on 28th

May, 2009 and the Stock Options for the year 2009 were granted on 28th May, 2009 at an exercise price of Rs. 45 per equity share. These options shall vest after one year from the date of grant and may be exercised within a period of 96 months from the date of their vesting.

Shareholders' Committee

i) Share Transfer Committee

A Share Transfer Committee was constituted to deal with various matters relating to share transfer/transmission, allotment, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

The members of the committee are Shri Vivek Saraogi, Smt. Meenakshi Saraogi, Shri Suresh Neotia and Shri R. K. Choudhury. Shri Sudhir Jalan ceased to be member of the Committee w.e.f. 27th July, 2009. During the year ended 30th September, 2009, 10 Share Transfer Committee Meetings were held.

ii) Shareholders'/Investors' Grievance Committee

The Company constituted the Shareholders'/Investors' Grievance Committee to oversee the redressal of shareholders' and investors' grievances in relation to the transfer of shares, non-receipt of annual report, non-receipt of dividend, etc. The constitution of the Committee was as follows:

Shri R. K. Choudhury, Chairman, Independent Non-Executive
Shri M.M. Mukherjee, Member, Independent Non-Executive
Shri Vivek Saraogi, Member, Promoter, Executive

Shri Sudhir Jalan ceased to be the member of the Shareholders'/Investors' Grievance Committee w.e.f. 27th July, 2009 and Shri R.K. Choudhury was appointed as a member and Chairman of the Committee w.e.f. 27th July, 2009.

During the year ended 30th September, 2009, two Shareholders'/Investors' Grievance Committee meeting were held on 25th November, 2008 and 25th April, 2009.

Compliance Officer

The Board designated Shri S.K. Agrawala, Company Secretary as the Compliance Officer.

Details of Shareholders' Complaints received

A total of 125 number of complaints/correspondence were received and replied to the satisfaction of the shareholders during the year ended 30th September 2009. There were no outstanding complaints as on 30th September, 2009. No shares were pending for transfer as on 30th September, 2009.

General Body Meeting

Location and time, where last three Annual General Meetings were held are given below:

Year	Date	Location of the Meeting	Time	Special Resolution passed
2005-06	11.01.2007	Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017	10.30 am	1. Re-appointment of Shri Vivek Saraogi as the Managing Director. 2. Payment of Enhanced remuneration to Smt. Meenakshi Saraogi, Joint Managing Director. 3. Appointment of Shri Kishor Shah as the Director-Cum-Chief Financial Officer. 4. Re-appointment of Shri K.N. Ranasaria as the Wholetime Director. 5. Re-appointment of Shri R.N. Misra as the Wholetime Director. 6. Investment by FIIs up to 60% of the paid-up Equity Share Capital of the Company.
2006-07	18.02.2008	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	4.00 pm	1. Payment of existing remuneration to Shri K.N. Ranasaria.
2007-08	30.01.2009	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	3.00 pm	1. Appointment of Dr. Arvind Krishna Saxena as Wholetime Director. 2. Payment of Commission to Non-Executive Directors.

No special resolution was passed through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 29th January, 2010.

Disclosure

i) The Company does not have any related party transactions, which may have potential conflict with the interests of the Company at large. However, disclosure of transactions with related parties is set out in the Notes to Accounts-Schedule-23, forming part of the Annual Report.

1,00,00,000 convertible warrants allotted on preferential basis on 4th January, 2008 to the promoter group in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, which were exercisable within a maximum period of 18 months from the date of allotment for conversion into equal number of equity shares, were not exercised by the promoter group for conversion into equal number of equity shares. Therefore, the upfront/allotment money @ 10% made by the promoters aggregating to Rs. 92000000 was forfeited pursuant to clause 13.1.2.3(c) of the SEBI (DIP) Guidelines.

Pursuant to BCML Employee Stock Option Scheme, the Company has allotted 12,18,750 equity shares of Re. 1/- each, at a price of Rs. 45/- per share (including premium of Rs. 44/-) on 5th September, 2009.

ii) The Company has followed the Guidelines of Accounting Standards issued by the Institute of Chartered Accountants of India in preparation of its financial statements.

iii) The Company laid down Risk Assessment and Minimisation procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control systems to identify the risk at appropriate time and to ensure that the executive management controls the risk in properly defined framework.

iv) The Company has no material unlisted Indian subsidiary company as defined in the Clause 49 of the Listing Agreement.

v) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures were imposed against it during last three years.

vi) Shri R.K. Choudhury, Non-Executive Director hold 35,500 equity shares of the Company as on 30th September, 2009.

Means of Communication

i) A half-yearly report was not sent to each household of shareholders. Shareholders were intimated through the press and the Company's website www.chini.com about the quarterly performance and financial results of the Company.

ii) The quarterly and annual results were published in the leading English and Bengali newspapers such as The Economic Times, The Business Standard and Dainik Lipi.

iii) As per Clause 51 of the Listing Agreement with stock exchanges, certain documents/information such as quarterly/annual financial results, shareholding pattern and corporate governance are accessible on the website www.sebidifair.nic.in.

iv) Presentations were also made to the media, analysts, institutional investors, fund managers, etc, from time to time. Such presentations are also posted on the Company's website.

v) The Company has designated following email-id exclusively for redressal of the investor grievances and the necessary disclosure to this effect has also been made in the Company's website www.chini.com : investorgrievances@bcml.in

vi) The Company sends reminders for the unpaid dividend to the shareholders every year.

vii) The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

General Shareholders' Information

Annual General Meeting

Date and time : 29th January, 2010 at 2.30 pm

Venue : Kalakunj, 48, Shakespeare Sarani,
Kolkata - 700 017

Profiles of Directors seeking re-appointment at the ensuing AGM

Shri Naresh Chandra	
Date of Birth :	1st August, 1934
Qualifications :	Post-graduate in Mathematics and alumnus of the prestigious Allahabad University, Member – Indian Administrative Services (IAS) (Retd.).

Expertise in specific functional areas :	<p>He joined the Indian Administrative Service in May, 1956 and had served on many distinguished panels and committees, including:</p> <ul style="list-style-type: none"> ◆ Chairman of the Committee on Civil Aviation Policy set up by the Government of India in 2003 ◆ Chairman of the Naresh Chandra Committee on Corporate Audit and Governance appointed by the Government of India in 2002. ◆ Ambassador of India to the U.S.A. in April, 1996. ◆ Governor of the state of Gujarat (1995-96). ◆ Senior advisor to the Prime Minister of India (1992-95). ◆ Cabinet Secretary (1990-92), Home Secretary (1990), Defence Secretary (1989), Secretary, Water Resources (1987-89), Joint Secretary, Ministry of industry (1977-81). ◆ Advisor to the Governor of Jammu & Kashmir during President Rule in 1986. ◆ Chief Secretary to the Government of Rajasthan. ◆ Commonwealth Secretariat Advisor on Export Development and Policy with Government of Sri Lanka (1981-84). ◆ Member of the India-US Sub-Commission on Economic Affairs and Commerce and Co-Chairman of India-US Working Group on Technology Transfer (1979-81)
Directorship held in other Companies :	<ul style="list-style-type: none"> ◆ Hindustan Motors Ltd. ◆ Electrosteel Castings Ltd. ◆ Bajaj Auto Ltd. ◆ Avtec Ltd. ◆ ACC Ltd. ◆ Vedanta Resources Plc. ◆ Cairn India Ltd. ◆ Gammon Infrastructure Projects Ltd. ◆ EROS International Plc.(I.O.M.), ◆ Linde Process Technologies (I) Pvt. Ltd. ◆ G4S Corporate (India) Pvt. Ltd. ◆ VIS Legis Consult Pvt. Ltd. ◆ Ambuja Cement Ltd. ◆ Bajaj Finserv Ltd. ◆ Bajaj Holdings & Investment Ltd. ◆ Emerging Ventures India Pvt. Ltd.
Membership in other Board Committees :	<ul style="list-style-type: none"> ◆ Chairman, Audit Committee of Hindustan Motors Ltd. ◆ Member, Audit Committee and Shareholders'/ Investor's Committee of Cairn India Ltd. ◆ Chairman, Remuneration Committee, Member, Audit Committee and Nomination Committee of Vedanata Resources Plc., ◆ Member, Shareholders'/Investors' Committee and Audit Committee of Bajaj Auto Ltd. ◆ Member, Audit Committee of ACC Ltd. ◆ Member, Audit Committee of Electrosteel Castings Ltd. ◆ Member, Audit Committee of Gammon Infrastructure Projects Ltd. ◆ Member, Audit Committee of EROS International Plc.(I.O.M.), ◆ Member, Audit Committee of Bajaj Holdings & Investment Ltd. ◆ Member, Audit Committee of Bajaj Finserv Ltd.
Shareholding as on 30th September, 2009	Nil
Shri Kishor Shah	
Date of Birth :	6th February, 1964
Qualifications :	Graduate in Commerce, Chartered Accountant
Expertise in specific functional areas :	<ul style="list-style-type: none"> ◆ Finance, Accounts and Taxation Matters, ◆ Corporate Financial Planning and Restructuring, ◆ Arrangement of long term, short term Finance and working capital, ◆ Budgeting, ◆ Acquisition, Merger & Amalgamation, ◆ Corporate Communication with Press, Research and Fund Managers, ◆ Investor Relations
Directorships in other companies :	<ul style="list-style-type: none"> ◆ Balrampur Overseas Pvt. Ltd.
Membership in other Board Committees	Nil
Shareholding as on 30th September, 2009	5600

Financial Year

The financial year of the Company is from 1st October to 30th September every year.

Financial Year Calendar for 2009 – 10 (Tentative)

Results for the quarter ending 31st December, 2009	–	Fourth week of January, 2010
Results for the quarter ending 31st March, 2010	–	Fourth week of April, 2010
Results for the quarter ending 30th June, 2010	–	Fourth week of July, 2010
Results for the quarter/Annual ending 30th September, 2010	–	Third week of November, 2010

Book Closure Date

14th January, 2010 to 29th January, 2010 (both days inclusive) on account of AGM and Dividend.

Dividend Payment Date

On or after 3rd February, 2010

Listing of Equity Shares on Stock Exchanges at

- i) National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra – Kurla Complex, Bandra (E), Mumbai 400 051
- ii) Bombay Stock Exchange Ltd.
The Corporate Relationship Department
Rotunda Building, P.J. Towers, Dalal Street
Fort, Mumbai 400 001.

- iii) The Calcutta Stock Exchange Ltd.
7 Lyons Range, Kolkata 700 001
[Application for delisting has been made].
- iv) GDRs listed at Luxembourg Stock Exchange
SOCIETE DE LA BOURSE DE LUXEMBOURG
11 av de la Porte-Neuve, L-2227 Luxembourg

Listing Fees

Listing fee for the year 2009–10 has been paid to the NSE, BSE and CSE. Maintenance fee for the year 2010 for listing of GDRs has been paid to the Luxembourg Stock Exchange.

Depositories

- i) National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai 400 003
- ii) Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street
Mumbai 400 023

Stock Code

- ◆ NSE symbol for BCML is BALRAMCHIN
- ◆ BSE code for BCML is 500038
- ◆ CSE code for BCML is 12012
- ◆ ISIN number for BCML is INE119A01028
- ◆ Regulation S GDR code for BCML is US0587882095
- ◆ Rule 144A GDR code for BCML is US0587881006

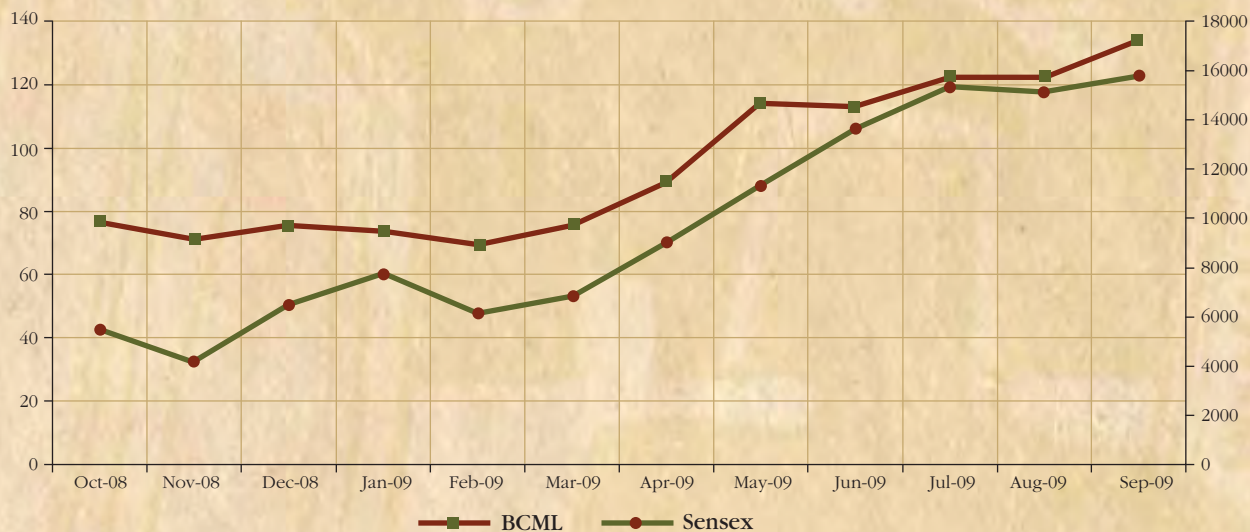
Reuters Code

NSE – BACH.NS and BSE – BACH.BO

Stock Market Data (Face Value of Re. 1/- each)

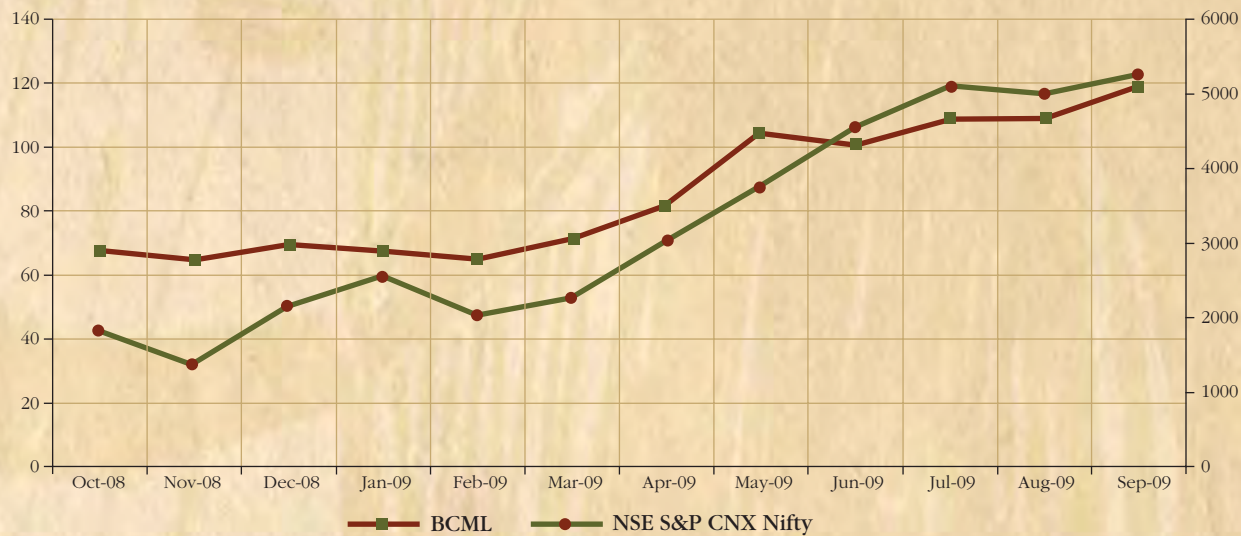
Months	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (Numbers)	Month's High Price (Rs.)	Month's Low Price (Rs.)	Volume (Numbers)
October 2008	82.90	35.55	55078213	82.95	35.70	15135394
November 2008	50.45	30.50	42021928	49.60	31.25	12248607
December 2008	52.10	29.30	56504333	52.10	29.70	15736281
January 2009	61.30	37.85	53516603	61.50	42.40	14829901
February 2009	62.30	46.00	52303691	62.25	46.50	14453165
March 2009	54.25	42.35	38205388	54.20	42.15	7543893
April 2009	78.40	52.05	79796413	78.00	52.10	17446289
May 2009	91.95	70.00	131457148	92.00	70.40	36856854
June 2009	115.00	82.00	160376816	115.00	82.45	44746537
July 2009	121.20	87.45	124857747	121.20	87.35	41430079
August 2009	127.80	109.30	124792731	128.90	109.50	33378691
September 2009	129.20	116.50	83788774	129.10	116.60	19075337

Movement of BCML Share Price vs BSE SENSEX



The graph is made on the basis of monthly closing price of BCML and monthly closing value of SENSEX.

Movement of BCML Share Price vs NSE S&P CNX NIFTY



The graph is made on the basis of monthly closing price of BCML and daily closing value of Nifty.

Share Price Performance

Accounting year	BSE Sensex		NSE S & P CNX Nifty	
	% Change in BCML Share Price	% Change in Sensex	% Change in BCML Share Price	% Change in Nifty
2008-09	+51.08	+33.17	+50.49	+29.65

Share Transfer System

At present, the share transfers which are received in physical form are normally put into effect within a maximum period of 30 days from the date of receipt and demat requests are confirmed within a maximum period of 15 days. The Company provides investor and depository services in-house through its secretarial department.

Distribution of Shareholding as on 30th September, 2009 (Face Value: Re. 1/- each)

Share Holding Range	Demat mode			Physical mode			Total			
	Holders	Shares	% of Total Shares	Holders	Shares	% of Total Shares	Holders	% of Total Holders	Shares	% of Total Shares
Up to 5000	90285	23242795	9.05	3591	2040813	0.80	93876	98.47	25283608	9.85
5001 - 10,000	545	3987293	1.55	54	369600	0.14	599	0.63	4356893	1.70
10,001 -50,000	566	12492051	4.87	42	841280	0.33	608	0.64	13333331	5.19
50,001-100,000	74	5271818	2.05	2	126900	0.05	76	0.08	5398718	2.10
100,001-500,000	109	25019708	9.75	1	284850	0.11	110	0.11	25304558	9.86
500,001-1,000,000	26	20621607	8.03	-	-	-	26	0.03	20621607	8.03
1,000,001 and above	41	162456345	63.27	-	-	-	41	0.04	162456345	63.27
Total	91646	253091617	98.57	3690	3663443	1.43	95336	100.00	256755060	100.00

Pattern of Shareholding as on 30th September, 2009 (Face Value: Re. 1/- each)

Category	No. of Shares	% of Holding
Promoters' Group	94150890	36.67
Financial Institutions, Insurance Companies, Banks and Mutual Funds, etc.	70939756	27.63
Foreign Institutional Investors	32722030	12.74
Private Corporate Bodies	15037000	5.86
NRIs	1065514	0.42
Trusts	67015	0.03
Clearing Members	1214273	0.47
Indian Public	41552782	16.18
Outstanding GDRs	5800	0.00
Total	256755060	100.00

Status of Unpaid Dividend Since Financial Year 2002-03

Dividend for the year	Amount of Dividend (Rs. in lacs)	Amount of Unpaid Dividend as on 30.09.2009 (Rs. in lacs)	% of Dividend Unpaid	Due date of transfer to IEPF
2002-03	1043.48	7.25	0.69	5th September, 2010
2003-04	1897.23	7.49	0.39	5th September, 2011
2004-05	3708.83	17.67	0.48	29th August, 2012
2005-06 (Interim)	4963.08	18.85	0.38	17th June, 2013
2005-06 (Final)	3722.32	34.64	0.94	18th February, 2014
2007-08	1277.68	11.09	0.87	9th March, 2016

Note: During the accounting year ended 30th September, 2009, the Company has transferred unpaid dividend for the financial year 2001-02, amounting to Rs. 635958 to the Investor Education and Protection Fund (IEPF) of the Central Government

Dematerialisation of Shares

Around 98.57% of the share capital is held in dematerialised form with the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as on 30th September, 2009.

Outstanding GDR

16352000 Global Depository Receipts [GDRs] (each GDR represents one underlying equity share of the face value of Re. 1/- each of the Company) were issued by the Company on 27th January, 2006 and listed on the Luxembourg Stock Exchange. Outstanding GDRs as on 30th September, 2009 represents 5800 equity shares constituting 0.00% (negligible) of the paid-up equity capital of the Company.

Plant location

- Unit 1 : Balrampur (Sugar, Co-generation, Distillery and Organic Manure units), Dist: Balrampur, Uttar Pradesh.
- Unit 2 : Babhnan (Sugar, Co-generation, Distillery and Organic Manure units), Dist: Gonda, Uttar Pradesh
- Unit 3 : Tulsipur (Sugar unit), Dist: Balrampur, Uttar Pradesh
- Unit 4 : Haidergarh (Sugar and Co-generation units), Dist. Barabanki, Uttar Pradesh.
- Unit 5 : Akbarpur (Sugar and Co-generation units), Dist. Ambedkarnagar, Uttar Pradesh.
- Unit 6 : Mankapur (Sugar, Co-generation, Distillery and Organic Manure units), Dist: Gonda, Uttar Pradesh.
- Unit 7 : Rauzagaon (Sugar and Co-generation units) Dist: Faizabad, Uttar Pradesh.
- Unit 8 : Kumbhi (Sugar and Co-generation units), Dist: Lakhimpur-Kheri, Uttar Pradesh.
- Unit 9 : Gularia (Sugar and Co-generation units), Dist: Lakhimpur-Kheri, Uttar Pradesh.

Investors' Correspondence

Mr. S.K. Agrawala, Company Secretary
Balrampur Chini Mills Ltd.
"FMC Fortuna", 2nd Floor,
234/3A, A.J.C. Bose Road
Kolkata – 700 020
Phone : (033) 2287 4749
Email – santoshk.agrawala@bcml.in

Non-Mandatory Requirements:

- i) The Company shall take a decision on the maximum tenure of Independent Directors on the Board of the Company at an appropriate time.
- ii) The Company has set up a Remuneration Committee in May 2005. The Remuneration Committee recommends to the Board of Directors regarding remuneration payable to the Executive Directors and also administers the Employee Stock Option Scheme [ESOS].
- iii) The quarterly/half-yearly results are published in the newspapers and hosted on the Company's website www.chini.com and EDIFAR website www.sebiedifar.nic.in.
- iv) The Company is always striving towards ensuring the unqualified financial statements.
- v) The Company has not yet adopted any system of training for its Board members or performance evaluation of its Non-Executive Directors.

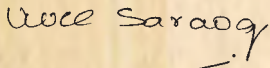
Code of Conduct

The Company adopted a code of conduct for its Board of Directors and Senior Management personnel and the same was posted on the Company's website.

Declaration by the Managing Director on the Code of Conduct

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, I, Vivek Saraogi, Managing Director of Balrampur Chini Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the year ended 30th September, 2009.

Kolkata
25th November, 2009


Vivek Saraogi
Managing Director

CEO/CFO CERTIFICATION

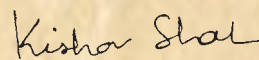
The Board of Directors
Balrampur Chini Mills Limited
Kolkata.

**Re : Financial Statements for the year ended 30.09.2009 -
Certification by Managing Director and Director-cum-Chief Financial Officer.**

We, Vivek Saraogi, Managing Director and Kishor Shah, Director-cum-Chief Financial Officer, of Balrampur Chini Mills Limited, on the basis of the review of the financial statements and the cash flow statement for the year ended 30th September, 2009 and to the best of our knowledge and belief, hereby certify that :-

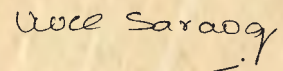
1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 30th September, 2009 which, are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which, we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
 - (a) there have been no significant changes in internal control over financial reporting during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kolkata
25th November, 2009



Kishor Shah

Director-cum-Chief Financial Officer



Vivek Saraogi

Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Balrampur Chini Mills Limited

We have examined the compliance of the conditions of Corporate Governance by Balrampur Chini Mills Limited for the year ended 30th September, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

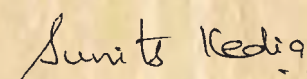
In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investor's grievances remaining unattended/pending for more than 30 days as at 30th September, 2009.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **G.P. Agrawal & Co.**
Chartered Accountants

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
25th November, 2009.



(**CA. Sunita Kedia**)
Membership no. 60162)
Partner

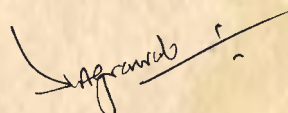
SECTION 212

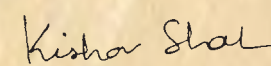
Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's interest in Subsidiary Companies for the year ended 30th September, 2009

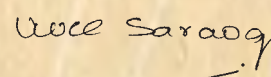
1	Name of the Subsidiary Company	Indo Gulf Industries Ltd.	Balrampur Overseas Pvt. Ltd.
2	The Financial Year of the Subsidiary Company ends on	30th September, 2009	30th September, 2009
3	Date from which they became Subsidiary Company	30th August, 2007	11th October, 2007
4	Holding Company's Interest	43,53,365 Equity Shares of Rs. 10/- each fully paid-up and 8,09,158 Equity Shares of Rs. 10/- each partly paid-up (Rs. 5/- paid-up per share)	20,00,000 Equity Shares of Hong Kong \$ 1/- each fully paid-up
5	Extent of Holding	53.96 %	100%
6	The net aggregate amount of the Subsidiary Company profit/loss so far as it concerns the members of the Holding Company		
	a) Not dealt with in the Holding Company's accounts		
	i) For the Financial Year ended 30th September, 2009	(Rs. 1354.92 lacs)	(HK\$ 0.25 lacs)
	ii) For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	(Rs. 1553.96 lacs)	(HK\$ 4.54 lacs)
	b) Dealt with in the Holding Company's accounts:		
	i) For the Financial Year ended 30th September, 2009	Nil	Nil
	ii) For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	Not applicable	Not applicable

For and on behalf of the Board of Directors

Kolkata
25th November, 2009


S.K. Agrawala
Secretary


Kishor Shah
Director cum Chief Financial Officer


Vivek Saraogi
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

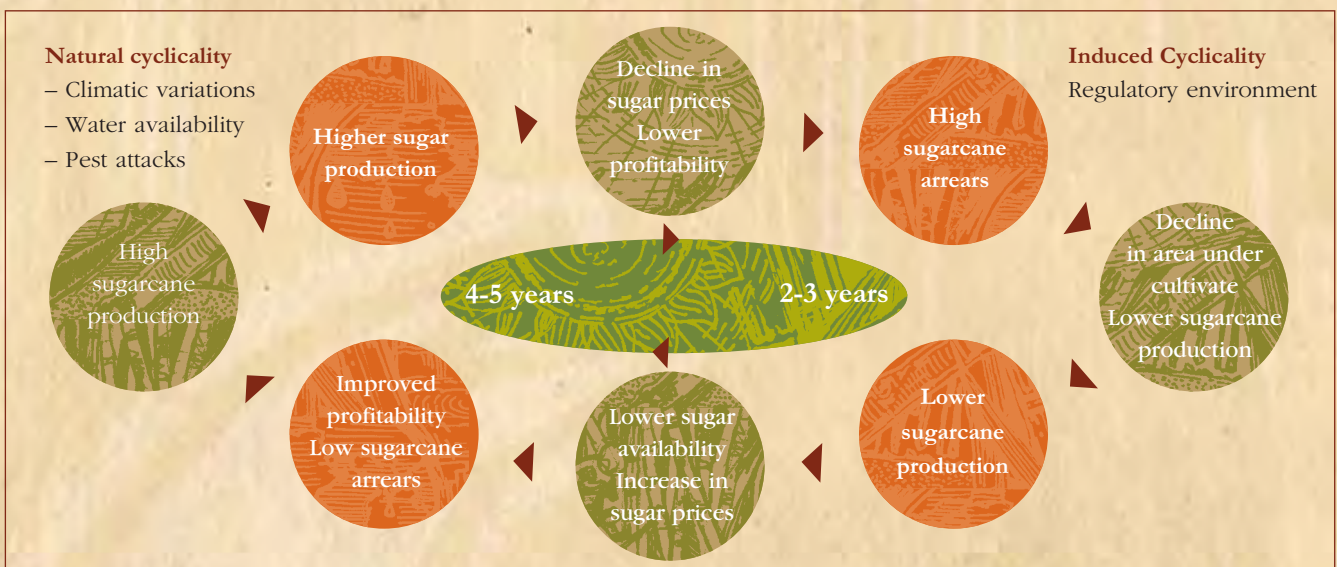
Industry Structure and Development Indian Sugar Industry

Overview: The Indian sugar industry catalyses rural growth. Nearly 65% of the total sugar production cost is paid in the form of cane, supporting over 50 million farmers and their families. The industry employs about 2 million rural skilled/semi-skilled workers. The Indian sugar industry enjoys an annual turnover of Rs. 700 billion and contributes more than Rs. 22.5 billion annually to the central and state exchequers as tax, cess and excise duty.

Sugarcane is grown over 5 million hectares or 3% of India's total arable land in Uttar Pradesh, Maharashtra, Karnataka, Gujarat, Tamil Nadu and Andhra Pradesh (contribute more than 85% of total sugar production). Uttar Pradesh,

Maharashtra and Karnataka contribute more than 65% of the national sugar production.

India's sugarcane acreage and production have increased steadily, characterised by a cycle of high and low sugar production caused by pests, drought and regulatory interventions. High sugarcane and sugar production reduce sugar prices leading to arrears in cane remuneration to farmers, inducing a switch to alternative crops. This in turn increases sugar realisations, which generally increases industry profits and their capacity to remunerate farmers for their cane. In turn, this enhanced profitability encourage switch to sugarcane. Over the last decade, a number of industry players invested in the downstream utilisation of by-products, smoothing the impact of cyclicality.



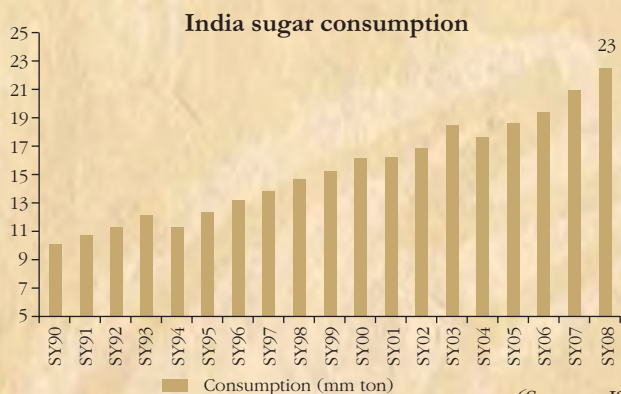
The sugar industry is green in various ways; it is self-sufficient in its captive power requirement and even generates a surplus for export to the grid through co-generation based on captively-generated bagasse. Ethyl alcohol, another by-product of the sugar industry, is used for industrial and potable application including its use in the manufacture of ethanol, an eco-friendly and renewable fuel used in petrol blending.

Production: The sugar season 2008-09 is expected to end with a lower production of around 14.7 million tonnes, a decline of 44% compared with 2007-08 (26.3 million tonnes). The reasons for the reduction comprise a crushing delay arising out of confusion in ascertaining the state-advised price, higher sugarcane absorption by gur and khandsari producers, declining sugarcane acreage due to high cane arrears and a near-100 basis points reduction in the national sugarcane recovery.

Particulars	unit	SS05	SS06	SS07	SS08	SS09E	SS10E	SS11E
Cultivation Area	million hectares	3.66	4.20	5.15	5.30	4.40	4.50	4.95
Yield	tonne/ hectare	64.78	66.95	69.03	68.00	63.64	65.00	66.50
Sugarcane cultivation	million tonne	237.08	281.17	355.52	360.40	280.00	292.50	329.18
Drawal rate	%	53.00	67.00	78.00	72.00	55.00	54.70	63.79
Sugarcane for sugar	million tonnes	125.60	188.30	277.30	259.40	154.70	160.00	210.00
Recovery	%	10.11	10.25	10.21	10.14	9.50	10.00	10.00
Sugar Production	million tonnes	12.70	19.30	28.30	26.30	14.70	16.00	21.00
Opening inventory	million tonnes	8.50	4.80	3.70	9.30	8.20	2.90	1.90
Imports	million tonnes	2.10	–	–	–	3.00	6.00	4.00
Total available Sugar	million tonnes	23.30	24.10	32.00	35.60	25.90	24.90	26.90
Consumption	million tonnes	18.50	19.30	21.00	22.50	22.50	23.00	23.50
Exports	million tonnes	–	1.10	1.70	4.90	0.50	–	–
Total Off take	million tonnes	18.50	20.40	22.70	27.40	23.00	23.00	23.50
Closing Stock	million tonnes	4.80	3.70	9.30	8.20	2.90	1.90	3.40

Source ISMA, ULJK Research estimates

Consumption: India is the largest consumer of sugar in the world. The sugar consumption during the sugar season 2008-09 is estimated to be around 23 million tonnes, an increase of around 0.5 million tonnes over 2007-08. Even as India's sugar consumption grew at approximately 5% over the decade, the country's per capita sugar consumption was only around 26 kg compared with a country like Brazil where it was 59.6 kg. The recent growth in India's GDP and the consequent effect on disposable incomes has resulted in strong sugar consumption growth and this is expected to continue. With limited increase in domestic production, the import of raw sugar and conversion of the same into white sugar may emerge as a critical business for sugar manufacturers.



(Source: ISMA, IAS, KPMG)

Cane Pricing: The sugarcane cost constitutes around 65% of the total cost of production; thus, cane pricing is an important factor in deciding the overall profitability of the sugar companies. The SMP for the sugar season 2008-09 was pegged at Rs. 81.18 per quintal while the SAP was pegged at Rs. 140 per quintal for general variety and Rs. 145 per quintal for early variety of cane. The SAP decided by the U.P. government is dependent on the prevailing political circumstances and this leads to setting the price higher with no significant correlation with the sugar realisations. This has led the sugar mills in U.P. to file a petition in the Allahabad High Court, challenging the state government's decision but faced a setback as the High Court rejected their plea.

Price Trends: The tightening sugar supply in India triggered a surge in Indian sugar prices by more than 30% in the first six months of SY 2008-09; average Indian sugar price for the quarter ended March 2009 increased 45% year-on-year to Rs. 21 per kg (S grade). Since June 2009, sugar prices strengthened owing to lower availability and increasing cane cost, strengthening the Wholesale Price Index (3.6% sugar weightage).

Outlook: For the sugar season 2009-10, sugar production is expected to be around 16 million tonnes, a 9% jump over the previous season on account of a 0.10 million hectare increase in cane area and projected 50 bps increase in sugar recovery. With the sugar deficit expected to continue till 2011 year end, there is a distinct possibility that India will need to import sugar. For this to sustain, domestic sugar prices will need to remain higher than global realisations to make refining viable.

Global Sugar Industry

Overview: Sugar is being produced in nearly 122 countries, derived from sugarcane and sugar beet with recovery rates ranging from 10%–20% of the crop's dry weight. Brazil is the largest producer of sugar followed by India and China. Since sugar is an essential commodity, most countries have strong regulations covering production subsidies as well as protective tariffs. The international sugar trade is dominated by Brazil and Australia as their consumption to production ratio is lower than other sugar-producing nations.

World Sugar Balance

	2009-10 (E)	2008-09	Change	
	(million tonnes, raw value)		in million tonnes	in %
Production	159.05	154.23	4.82	3.12
Consumption	167.45	164.59	2.86	1.73
Surplus / (Deficit)	(8.40)	(10.36)	–	–
Import demand	51.93	50.96	0.97	1.90
Export availability	51.96	50.90	1.06	2.08
End Stocks	53.23	61.67	(8.44)	(13.68)
Stocks/Consumption ratio in (%)	31.79	37.47	–	–

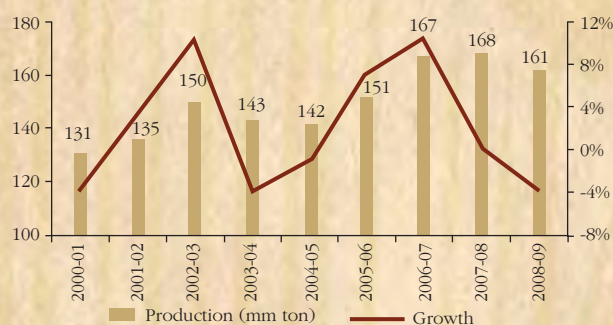
Source: ISO quarterly market outlook, September, 2009

Production: Global sugar production for 2008-09 is estimated at 154.2 million tonnes compared with 136.10 million tonnes produced in 1999-2000, a 10-year CAGR of 1.7%. The top 10 sugar producing countries account for nearly 73% of the total sugar production, with Brazil dominating the world sugar production (23%).

According to the USDA, sugar production in Brazil is expected to be around 36.85 million, an increase of 16% over 2007-08. The sugar-to-ethanol ratio is expected to be 42.5:57.5 for 2009-10 compared with 40.4:59.6 in 2008-09. During the last three years, most of the new investment has been in ethanol production and the current financial turmoil has created a liquidity crunch among Brazilian producers, a downside risk for expected sugar production. Apart from India, sugar production

contracted in Australia, European Union, Pakistan and United States. On the other hand, sugar production in Colombia is expected to increase by 3% in 2008-09, remain flat in Argentina and decline slightly in Peru (source: FAO).

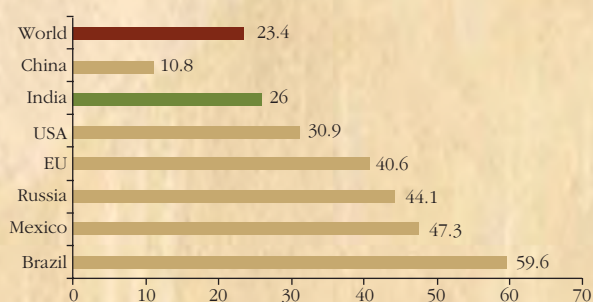
World sugar production



(Source: ISO)

Consumption: During 2008-09, global sugar consumption is expected to touch 164.5 million tonnes compared with 162 million tonnes in 2007-08. India and China are the largest consumers of sugar; besides, their consumption growth is faster than developed economies on account of a growth in their population and disposable income. As a result, per capita world sugar consumption strengthened from 20.7 kg in 1995 to 23.4 kg in 2008.

Per capita consumption (kg)

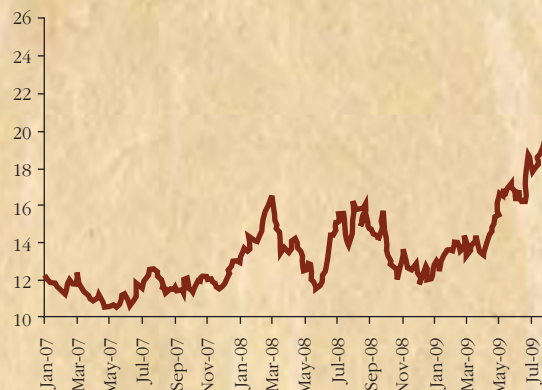


(Source: Bloomberg, ULJK research)

Price trends: International sugar prices strengthened from US12.10 cents per pound in November 2008 to US13.65 cents per pound in April 2009 to US24 cents per pound in July 2009 on account of a reduction in global export availability. Prices could have moved higher, had it not been for the economic downturn, which curtailed demand and the weakening of national currencies relative to the US

Dollar, which sustained exports from countries such as Brazil, the world's largest sugar exporting country.

Prices of the raw sugar

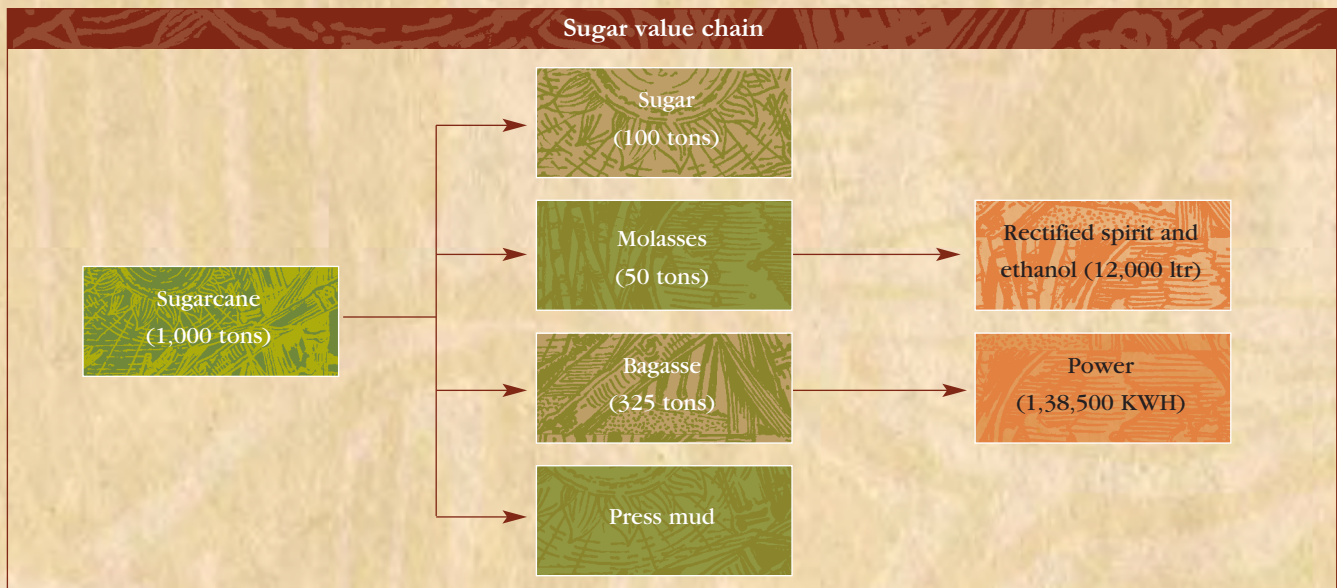


(Source: Bloomberg)

Trade: World sugar trade is expected to be around 50 million tonnes in 2008-09 on account of a strong demand from regions likely to face a production shortfall, in particular the European Union, India and Pakistan. India is expected to import 3 million tonnes following a decision by its government to import white sugar duty-free. Even as the European Union had traditionally dominated the world sugar trade, its role subsequently reduced due to the WTO ruling that led to a reduction in subsidies for sugar production and it has turned net importer (4.9 million tonnes in 2008-09, higher by 53.6% over 2007-08). Imports by the Russian Federation, the largest sugar importer in 2007-08, are anticipated to decline by 14% to 2.8 million tonnes owing to an expansion in output. Exports to the United States are forecast at 2.7 million tonnes, 800,000 tonnes more than 2007-08, largely to cater to a tight domestic sugar market. African imports are foreseen to expand by around 4.3% to 9.2 million tonnes, as locally produced supplies could substitute imports (Source: FAO).

By-products

Sugarcane also provides valuable by-products like bagasse, molasses and press-mud from which ethanol and exportable power are obtained. Consequently, a number of sugar companies are setting up integrated complexes engaged in the production of sugar, alcoholic ethanol, power co-generation and organic manure, an effective de-risking from cyclicity.

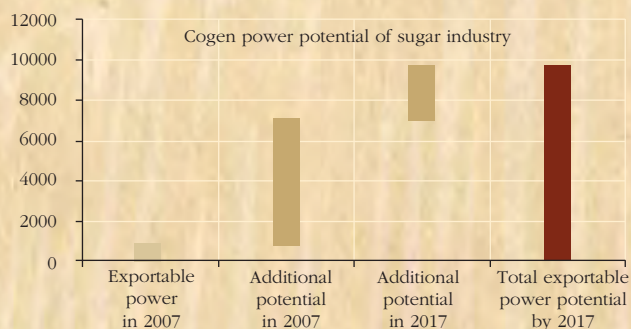


Co-generation

Bagasse is a by-product of sugar production used in co-generation, which can be used for captive purposes or exported to the electricity grid. India's sugar sector possesses a potential to produce 5,100 MW of power through co-generation across 550 sugar mills, or 69% of the total co-generation capacity of the country (source: *International Energy Agency*). In 2007-08, India possessed an installed exportable capacity of 2,635 MW through 123 sugar mills (Source: *ISMA*). At the present price of around Rs. 3.3/KWH in U.P., a co-generation unit enjoys an EBIT of around Rs. 1-1.5/KWH. The sale of surplus power generated through optimum co-generation could enhance mill viability and tax-free income for ten years on the one hand and claim CERs from the clean development mechanism on the other.

Sugar Industry has the potential to produce 9688 MW of power by 2017

Sugar Industry has the potential to produce 9688 MW of power by 2017



(Source: *CLSA Asia-Pacific markets, KPMG*)

Alcohol

Alcohol is produced from molasses, a sugar by-product, used in manufacturing of chemicals, as potable alcohol and fuel ethanol. The alcohol industry has an annual installed capacity of 3,540 million litres concentrated in U.P., Maharashtra and Tamil Nadu. With the advent of ethanol blending with petrol, the requirement of ethanol alcohol has increased significantly. There is sufficient availability of molasses to meet requirements of all segments.

Ethanol

Global ethanol production is poised to grow at around 5% CAGR over 2008-12, surpassing 20,000 million gallons. Brazilian production is expected to grow at a CAGR of 2.8%, while production in Germany and Canada are expected to grow above a CAGR of 9%. Global ethanol consumption is predicted to increase annually by 9.3% over the next five years with the US consuming 50% of the world's supply, largely due to mandated consumption levels. In Europe, ethanol consumption is likely to double in five years. In Brazil, the demand will rise as consumers purchase flexible fuel cars capable of operating on pure ethanol and mixtures of ethanol and gasoline. In China, consumption may grow moderately as the government has discouraged capacity build-up for fears that increased production will cause food prices to rise.

An exponential increase in automotive and industry applications combined with high fuel prices will drive

domestic ethanol demand. There are an estimated 400 sugar cane factories and 270 distilleries producing ethanol. Most distilleries are relatively small with a typical annual production capacity of around 300,000 litres of beverage and industrial grade ethanol. Most plants are in U.P., Maharashtra and Tamil Nadu, the key sugar producing states, using cane sugar molasses as feedstock.

The Indian government is actively promoting ethanol production through favourable regulations. During July 2008, the government approved a National Biofuel Policy, which targeted a 20% blending by 2017. According to this Biofuel Policy, ethanol demand at 5% blending will be around 965.3 million litres in 2017 and at 10% blending, the ethanol requirement will increase four-fold to 3,860 million litres. Besides, potable alcohol demand is expected to reach 1,028 million litres (CAGR of 1.48%) and industrial alcohol 1,003 million ltrs (CAGR of 1.74%).

Projected ethanol demand – 2017 (mm ltr)

Ethanol (@ 5% blending)	965
Potable alcohol	1028
Industry	1003
Total availability	3785
Surplus	789
Ethanol (@ additional 5% blending)	965
Shortfall	176

(Source: Plan document)

Opportunities and threats

Strengths

- ◆ India is the second largest sugar producer in the world after Brazil.
- ◆ Its production can make the country self-reliant in this essential commodity
- ◆ It provides direct employment (including ancillary activity) to nearly 50 million workers, catalysing rural socio-economic development.
- ◆ It supports downstream industries through the generation of relevant and adequate by-products.
- ◆ It is a regulated industry as its consumption is considered essential for mass consumption.

Opportunities

- ◆ The by-products attract a high value.
- ◆ Attractive potential to increase cane productivity and sugar recovery.
- ◆ Technology upgradation available for effective by-product utilisation
- ◆ Increasing government focus on ethanol utilisation

Industry threats and challenges

Threats

- ◆ The sector is vulnerable to political interventions in raw material pricing, sale timing and other ad hoc measures.
- ◆ Fertiliser and pesticide overuse can reduce soil potency
- ◆ Unreasonable increases in sugarcane cost

Challenges

- ◆ Low installed capacities of the manufacturers resulting in a high production cost
- ◆ Outdated manufacturing technologies
- ◆ Low level of professionalism

Outlook

Please refer to the Directors Report.

Segment-wise performance

Sugar: Revenue from the sugar segment constitutes the largest share of aggregate revenues. The segment contributed 84.79% to the Company's total turnover in 2008-09, compared with 76.58% in 2007-08.

Alcohol: Revenue from the alcohol segment contributed 7.69% of the Company's revenue in 2008-09, compared with 11.41% in 2007-08

Co-generation: Revenue from this segment contributed 7.37% of the revenue in 2008-09, compared with 11.91% in 2007-08

Organic manure: The segment's contribution to total revenues was 0.15% in 2008-09, compared with 0.10% in 2007-08.

Segment-wise Revenue

(Rs. in crores)

Products	2005-06	2006-07	2007-08	2008-09
Sugar	1757.71	1199.83	1128.87	1445.64
Alcohol	134.96	134.99	168.26	131.17
Co-generation	100.93	145.97	175.52	125.60
Organic Manure	1.17	0.78	1.52	2.56
Total	1944.77	1481.57	1474.17	1704.97

Risks and concerns

Industry risk

The Company may yield ground owing to a business downturn.

Risk response

- ◆ India's sugar shortage is reflected in a sugar production decline to 14.7 million tonnes in 2008-09 even as consumption has been growing at a healthy rate. With next season's sugar production projected at no more than 16 million tonnes, higher sugar prices are expected to sustain, benefiting sugar manufacturers.
- ◆ Gasoline demand is projected at 12.85 MMT by 2011-12 and 16.40 MMT by 2016-17, benefiting producers (source: Planning Commission)
- ◆ Some 1,200 MW of bagasse-based power generation capacity is expected to be added in the Eleventh Five Year Plan and by 2017, India's exportable power potential through co-generation is expected to touch 9,700 MW. The government has protected the attractiveness of this business through remunerative tariffs and tax hedges.

Regulatory risk

The Company's business may be affected by unfavourable government policy.

Risk response

During 2008-09, the government's regulations that favoured the sugar industry comprised the following:

- ◆ The government permitted duty-free imports of raw sugar till 1st January, 2011, creating a processing opportunity for manufacturers

Dependence risk

The Company's topline may suffer if it is dependent on a single business.

Risk response

In order to survive the adverse cyclicity of the sugar business, the Company has formed an integrated business model which enables it to stabilise the topline and strengthen the bottom line.

Raw material availability risk

A decline in raw material availability can affect the Company's sugar production.

Risk response

Adverse climatic conditions, rampant capacity expansions by sugar mills and erratic cane payments to farmers resulted in lower industry profitability. While the decline in national cane crushing was 41% and the decline in U.P. cane crushing was 47% in 2008-09, the decline in Balrampur's crushing was 40%. The Company leveraged its harmonious relationship with farmers derived out of friendly practices and timely payments.

Funding risk

The Company may find it difficult to procure funds for its capex plans.

Risk response

The Company does not intend to embark on any significant investments in 2009-10 and 2010-11. Besides, the Company possessed a bank balance of Rs. 32.97 crores as on 30 September 2009 and had liquid investments of Rs. 122.01 crores.

Internal control system

The Company has a disciplined internal control system, commensurate with its nature of business and the size of operations, to ensure that all assets are safeguarded and properly protected against unauthorised use, as well correct recording and reporting of transactions. Such controls, which are subjected to periodical review, also ensure efficiency of

operations, accuracy and promptness of financial reporting, besides complying with the applicable laws and regulations. There is an effective internal audit system, commensurate with the requirements of the Company. The Audit Committee of the Board of Directors, comprising Independent Directors, oversees the functions of internal audit, reviews the reports and monitors implementation of suggestions. The Audit Committee regularly interacts with the Statutory Auditors about the adequacy of internal audit systems and seeks suggestions.

Financial Performance

Capital Structure

The Company's equity capital increased marginally from Rs. 25.56 crores in 2007-08 to Rs. 25.68 crores in 2008-09 owing to issue of shares to employees under ESOP. It comprised 25,67,55,060 equity shares of Re. 1 each (fully paid up) as on 30th September 2009.

Reserves and Surplus

Reserves and surplus increased 16.17% from Rs. 989.54 crores in 2007-08 to Rs. 1149.58 crores in 2008-09, on account of retained earnings and issue of shares to employees under ESOP.

During the year under review, capital redemption reserve and revaluation reserves remained unchanged; the capital reserve increased from Rs. 0.86 crore to Rs. 10.06 crores on account of forfeiture of deposit against convertible warrants. The Company's securities premium reserve increased marginally by 2.16% from Rs. 487.59 crores in 2007-08 to Rs. 498.12 crores in 2008-09 on account of exercise of employee stock options.

The free reserves of the Company at the end of 2008-09 stood at Rs. 1,132.95 crores and comprised nearly 98.55% of the total reserves and surplus.

Loan Profile

The borrowed funds of the Company declined 28.03%, from Rs. 1,350.68 crores in 2007-08 to Rs. 972.03 crores in 2008-09 on account of repayment of long-term loans and non-utilisation of working capital limits as on 30th September 2009. As a result, the debt equity of the Company strengthened from 1.01 in 2007-08 to 0.83 in 2008-09.

Capital Employed

The capital employed by the Company in the business declined 9.54% from Rs. 2373 crores in 2007-08 to

Rs. 2146.57 crores in 2008-09, mainly owing to decline in the external funds. The Company's ROCE increased significantly from 13.87% in 2007-08 to 20.11% in 2008-09.

Gross Block and Depreciation

The gross block of the Company increased marginally from Rs. 2374.18 crores in 2007-08 to Rs. 2374.50 crores in 2008-09 on account of railway siding and water supply development. The Company provided Rs. 107.94 crores on account of depreciation in line with the Straight Line Method during the year under review. Accumulated depreciation, as a percentage of gross block, stood at 25.45%, indicating the newness of the assets.

Investments

Cumulative investments increased from Rs. 5.49 crores in 2007-08 to Rs. 126.57 crores in 2008-09, mainly on account of parking of surplus funds in mutual fund.

Inventories

Inventories of the Company declined 38.28% from Rs. 556.39 crores in 2007-08 to Rs. 343.43 crores in 2008-09, mainly on account of lower carryover of finished goods inventory.

Sundry Debtors

Owing to improved receivables management, the debtors declined from Rs. 48.99 crores in 2007-08 to Rs. 17.10 crores in 2008-09. Of the total debtors of the Company, Rs. 13.05 crores of debt was less than six months old.

Loans and Advances

Loans and Advances comprised 44.15% of the Company's current assets. Loans and advances increased from Rs. 236.08 crores in 2007-08 to Rs. 311.23 crores in 2008-09. The increase was mainly due to MAT Credit Entitlement.

Human Resource

Employee involvement and team orientation catalyses corporate success. The Company initiated policies towards this objective. The Company's total employee strength was 5044 employees as on 30th September 2009. The relation between the management and employees continued to be cordial.

Cautionary Statement

Statements made in this report describing industry outlook as well as the Company's plans, policies and expectations may constitute "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

AUDITOR'S REPORT

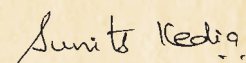
To the members of
Balrampur Chini Mills Limited

1. We have audited the attached Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED** as at 30th September, 2009, the relative Profit & Loss Account and the Cash Flow Statement for the year ended on that date, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Profit & Loss Account and the

Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable Accounting Standards referred to in Section 211 (3C) of the Act.
- e) On the basis of written representations received from the Directors, as on 30th September, 2009 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 30th September, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2009,
 - ii) in the case of the Profit & Loss Account, of the **PROFIT** for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **G. P. Agrawal & Co.**
Chartered Accountants



7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
25th November, 2009.

(CA. Sunita Kedia)
Membership No. 60162
Partner

ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in our report of even date to the members of **BALRAMPUR CHINI MILLS LIMITED** on the accounts for the year ended 30th September, 2009.

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, the Company has a programme of physically verifying all its fixed assets once in a period of three years, and in accordance therewith, major portion of fixed assets were physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its business. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) During the year, the Company has not disposed off substantial part of its fixed assets.
- ii) a) The inventories have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii) a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) As the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii) (b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- d) As the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii) (f) and (iii) (g) of paragraph 4 of the said order are not applicable to the Company.
- iv) On the basis of the information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- v) a) Based on the audit procedure applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi) The Company has not accepted any deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where pursuant to the rules made by the Central Government, the maintenance of Cost records has been prescribed under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- ix) a) On the basis of our examination, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Investor Education and Protection Fund, Wealth Tax and other statutory dues with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 30th September, 2009 for a period of more than six months from the date of becoming payable. On the basis of our information, the provisions of Employees' State Insurance Act are not applicable to the Company.
- b) The disputed statutory dues aggregating to Rs.1527.40 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the statute	Nature of dues	Period to which pertain	Amount (Rs. in Lacs)	Forum (Where the dispute is pending)
1.	Central Excise Act, 1944	Excise Duty	1995-96	7.96	Commissioner of Central Excise.
2.	Central Excise Act, 1944	Excise Duty	1998 to 00	1.82	Jt. Commissioner of Central Excise.
3.	Central Excise Act, 1944	Excise Duty	2003-04	1.03	Commissioner of Central Excise.
4.	Central Excise Act, 1944	Excise Duty	2003-04	9.65	Tribunal.
5.	Central Excise Act, 1944	Excise Duty	2005-06	4.80	Assistant Commissioner of Central Excise.
6.	Central Excise Act, 1944	Excise Duty	2005-06	2.82	Commissioner of Central Excise.
7.	Central Excise Act, 1944	Excise Duty	2006-07	20.23	Addl. Commissioner of Central Excise.
8.	Central Excise Act, 1944	Excise Duty	2006-07	5.75	Jt. Commissioner of Central Excise.
9.	Central Excise Act, 1944	Excise Duty	2006-07	2.97	Commissioner of Central Excise.
10.	Central Excise Act, 1944	Excise Duty	2007-08	2.88	Jt. Commissioner of Central Excise.
11.	Central Excise Act, 1944	Excise Duty	2007-08	0.75	Asst. Commissioner of Central Excise.
12.	Central Excise Act, 1944	Excise Duty	2007-08	3.04	Commissioner of Central Excise.
13.	Central Excise Act, 1944	Excise Duty	2007-08	4.82	Addl. Commissioner of Central Excise.
14.	Central Excise Act, 1944	Excise Duty	2008-09	2.21	Commissioner of Central Excise.
15.	U.P. Sheera Niyam Adhiniyam, 1964 Molasses	Administrative Charges on	1996 to 09	1391.26	High Court.
16.	U.P. Trade Tax Act, 1948	Sales Tax	1990-91	0.22	High Court.
17.	U.P. Trade Tax Act, 1948	Sales Tax	2000-03	0.65	Joint Commissioner (Appeals).
18.	New Sugar Industry Promotion Policy, 2004 of Govt of Uttar Pradesh	Entry Tax	2007-08	64.54	High Court.
	Total			1527.40	

- x) The Company has no accumulated losses and has not incurred any cash loss during the year covered by our audit or in the immediately preceding financial year
- xi) The Company has not defaulted in payment of dues to a financial institution or bank or debenture- holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. However, the investments made by the Company in shares and other securities are held by the Company in its own name.
- xv) On the basis of our examination and according to the information and explanations given to us, the Company has given guarantee for loan taken by a Subsidiary from a bank the terms and conditions whereof are not prejudicial to the interest of the Company.
- xvi) On the basis of our examination and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by public issue during the year covered by our audit report.
- xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For **G. P. Agrawal & Co.**
Chartered Accountants

Sunita Kedia

7A, Kiran Shankar Ray Road,
Kolkata – 700 001.
25th November, 2009.

(C.A. Sunita Kedia
Membership No. 60162)
Partner

BALANCE SHEET As at 30th September, 2009

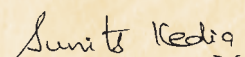
(Rupees in Lacs)

	Schedule	As at 30th September, 2009		As at 30th September, 2008	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	2567.55		2555.36	
b) Reserves & Surplus	2	114957.73	117525.28	98953.56	101508.92
2. Deposit against Convertible Warrants			-		920.00
3. Loan Funds					
a) Secured Loans	3	97202.88		125067.61	
b) Unsecured Loans	4	-	97202.88	10000.00	135067.61
4. Deferred Tax Liability			26163.47		24193.68
(Refer Note No. 8 of Schedule - 23)					
Total			240891.63		261690.21
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	237449.99		237418.38	
b) Less: Depreciation & Amortisation		60440.17		49817.27	
c) Net Block		177009.82		187601.11	
d) Capital Work-in-Progress		665.62		705.49	
			177675.44		188306.60
2. Investments	6		12657.15		549.00
3. Deferred Tax Assets			5775.69		9934.33
(Refer Note No. 8 of Schedule - 23)					
4. Current Assets, Loans & Advances					
a) Inventories	7	34343.01		55639.07	
b) Sundry Debtors	8	1710.01		4899.23	
c) Cash and Bank Balances	9	3297.39		3512.67	
d) Other Current Assets	10	15.49		1.62	
e) Loans and Advances	11	31123.01		23608.25	
		70488.91		87660.84	
Less: Current Liabilities & Provisions					
a) Current Liabilities	12	15548.54		20305.55	
b) Provisions	13	10210.29		4633.11	
		25758.83		24938.66	
Net Current Assets			44730.08		62722.18
5. Miscellaneous Expenditure	14		53.27		178.10
(To the extent not written off or adjusted)					
Total			240891.63		261690.21
Significant Accounting Policies	22				
Notes on Accounts	23				

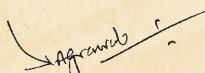
Schedules 1 to 14, 22 & 23 referred to above form an integral part of the Balance Sheet.

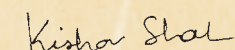
This is the Balance Sheet referred to in our report of even date.

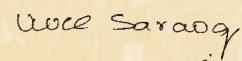
For **G. P. Agrawal & Co.**
Chartered Accountants


(CA. Sunita Kedia
Membership No. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.


S. K. Agrawala
Secretary


Kishor Shah
Director cum
Chief Financial Officer


Vivek Saraogi
Managing Director

PROFIT & LOSS ACCOUNT For the year ended 30th September, 2009

(Rupees in Lacs)

	Schedule	Year ended 30th September, 2009	Year ended 30th September, 2008
I. INCOME			
Gross Turnover			
Sales		177101.78	155250.21
Less: Excise Duty & Cess		7097.35	8895.95
Net Turnover		170004.43	146354.26
Other Income	15	622.52	1409.23
Adjustments relating to earlier years (Net) (Refer Note No. 19 of Schedule - 23)		-	3.40
		170626.95	147766.89
II. EXPENDITURE			
Decrease/(Increase) in Stock	16	26327.88	(12365.76)
Cost of Raw Materials Consumed		76338.10	101416.27
Loss from Farm Account	17	6.90	5.86
Salaries, Wages & Other Employees' Benefits	18	9018.76	8196.64
Other Manufacturing & Administrative Expenses	19	12429.84	16413.76
Selling Expenses	20	1056.79	1150.68
Interest & Other Financial Charges (Net)	21	9684.59	8965.11
Depreciation & Amortisation		10794.38	11720.50
Adjustments relating to earlier years (Net) (Refer Note No. 19 of Schedule - 23)		8.96	-
		145666.20	135503.06
III. PROFIT BEFORE TAX			
		24960.75	12263.83
Less: Provision for Tax			
Current Tax (Including Wealth Tax Rs.33.00 lacs, Previous year Rs.30.00 lacs)		3449.00	562.00
Fringe Benefit Tax		28.00	64.00
Deferred Tax		6128.43	1934.90
MAT Credit Entitlement		(5904.18)	-
Income Tax for earlier years written back		(1391.09)	2560.90
IV. PROFIT AFTER TAX			
		22650.59	9702.93
Balance brought forward		1599.68	(3608.43)
V. PROFIT AVAILABLE FOR APPROPRIATION			
		24250.27	6094.50
VI. APPROPRIATIONS			
Proposed Dividend on Equity Shares		7702.65	1277.68
Tax on Proposed Dividend		1309.07	217.14
General Reserve		11000.00	3000.00
Balance Carried to Balance Sheet		4238.55	1599.68
		24250.27	6094.50
Earnings per Share (Nominal value per Share Re. 1/-) (Refer Note No. 20 of Schedule - 23)			
- Basic (Rs.)		8.86	3.83
- Diluted (Rs.)		8.84	3.82
Number of Shares used in computing Earnings per Share			
- Basic		255623126	253595395
- Diluted		256189222	253785582
Significant Accounting Policies	22		
Notes on Accounts	23		

Schedules 15 to 23 form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For **G. P. Agrawal & Co.**

Chartered Accountants

Sunita Kedia

(CA. Sunita Kedia)
Membership No. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.

S. K. Agrawala

S. K. Agrawala
Secretary

Kishor Shah

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi

Vivek Saraogi
Managing Director

CASH FLOW STATEMENT

For the year ended 30th September, 2009

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		24960.75		12263.83
<i>Adjustments to reconcile Net Profit before Tax to Cash Flow provided by Operating Activities :</i>				
Depreciation & Amortisation	10794.38		11720.50	
Interest	9694.24		8965.11	
Provision for Doubtful Debts / Advances	6.00		310.30	
Provision for Retirement Benefits of Employees	1.02		(1.54)	
Dividend	-		(154.20)	
Unspent Liabilities / Balances written back	(148.94)		(108.72)	
Sundry Debit Balances / Advances written off	54.68		59.72	
Profit on Sale of Fixed Assets	(35.09)		(5.36)	
Loss on Sale/discard of Fixed Assets	683.30		92.51	
Profit / Loss on Sale of Investments	(41.78)		0.02	
Unrealised Exchange Rate Fluctuation - Gain	-		(122.50)	
Unrealised Exchange Rate Fluctuation - Loss	14.77		504.00	
Employee Stock Option Expense	891.11		168.77	
Share Issue Expenses written off	124.83		143.09	
Storage Fund for Molasses written back	-		(64.11)	
Transfer to Storage Fund for Molasses	17.94	22056.46	30.35	21537.94
Operating Profit before Working Capital changes		47017.21		33801.77
<i>Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :</i>				
Trade Debtors & Other Receivables	4267.96		207.71	
Inventories	21296.06		(12340.13)	
Trade Payables and Other Liabilities	(4394.73)	21169.29	(14264.86)	(26397.28)
Cash Generated from Operations		68186.50		7404.49
Direct Taxes Paid /Refund Received		(4010.01)		(1280.50)
Cash Flow before Extraordinary Items		64176.49		6123.99
Extraordinary Items		-		-
Net Cash Generated / Used ~ Operating Activities		64176.49		6123.99
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets (Including Intangibles)	(1090.06)		(8246.22)	
Sale of Fixed Assets	278.63		129.18	
Purchase of Investments	-		(56761.84)	
Sale of Investments	-		56758.26	
Sale/ Purchase of Shares of Associates	136.44		(100.00)	
Investment in Shares of a Subsidiary	-		(102.42)	
Purchase of Post Office National Saving Certificates	(2.69)		-	
Sale of NPC & Post Office National Saving Certificates	1.37		-	
Fixed Deposits made with Banks	(586.43)		-	
Fixed Deposits redeemed from Banks	593.15		30.25	
Loan Given to a Subsidiary	(4182.34)		(466.32)	
Loan Received back from a Subsidiary	4182.34		-	
Loan Given to Others	(12050.00)		(2500.00)	
Loan Received back from Others	9300.00		2500.00	
Dividend Received	-		154.20	
Interest Received from a Subsidiary	1002.07		1036.82	
Interest Received on Fixed Deposits / Loan / Govt. Securities	103.70		44.44	
Net Cash Generated / Used ~ Investing Activities		(2313.82)		(7523.65)

CASH FLOW STATEMENT (Contd...)

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issuance of Equity Shares /Exercise of Stock Options	548.44		6776.90	
Deposit against Convertible Warrants	-		920.00	
Proceeds from Long Term Borrowings	5570.23		15347.40	
Repayment of Long Term Borrowings	(10468.53)		(8739.35)	
Repayment/Proceeds from Other Borrowings (Net)	(32990.04)		(486.06)	
Interest Paid	(11036.25)		(10505.21)	
Dividend Paid including Tax thereon	(1494.82)		-	
Net Cash Generated / Used ~ Financing Activities		(49870.97)		3313.68
Net Increase in Cash & Cash Equivalents (A+B+C)		11991.70		1914.02
Opening Cash & Cash Equivalents		3280.05		1366.03
Closing Cash & Cash Equivalents		15271.75		3280.05

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.
- Interest paid is exclusive of, and Purchase of Fixed Assets is inclusive of, interest capitalised Nil (Previous year Rs.382.63 lacs).
- Additions to Fixed Assets include movement of Capital Work-in-Progress during the year.
- Consideration for Sale and Purchase of Shares of Associates fully discharged by means of Cash.
- Repayment / Proceeds from Other Borrowings have been shown on net basis.
- Current Investments carry insignificant risk and are readily convertible into known amount of Cash, hence considered as part of Cash & Cash Equivalents.
- Cash & Cash Equivalents do not include any amount which is not available to the Company for its use.
- Cash & Cash Equivalents at the end of the year consists of:

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
a) Cash on hand		127.90		240.65
b) Cheques on hand		637.00		1780.24
c) Balance with Banks on Current Accounts		2304.90		1258.70
d) Balance with Post Office on Savings Bank Accounts		0.46		0.46
e) Current Investments (In Liquid Schemes of Mutual Funds)		12201.49		-
		15271.75		3280.05

- Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the equivalent items as reported in the Balance Sheet :

(Rupees in Lacs)

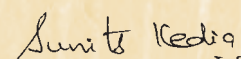
	As at 30th September, 2009		As at 30th September, 2008	
Cash & Cash Equivalents as per Cash Flow Statement		15271.75		3280.05
Add : Fixed Deposits classified as Investing Activities		130.14		136.86
Add : Bank Balance in Unclaimed Dividend Accounts not considered as an item of Cash & Cash Equivalents in Cash Flow Statement		96.99		95.76
Less : Current Investments classified as Cash Equivalents		12201.49		-
Cash and Bank Balance as reported in Balance Sheet		3297.39		3512.67

- Figure in brackets represent cash outflow from respective activities.
- Previous year's figures have been regrouped / rearranged where ever found necessary to make them comparable with those of the current year.

This is the Cash Flow Statement referred to in our report of even date.

For **G. P. Agrawal & Co.**

Chartered Accountants



(CA. Sunita Kedia

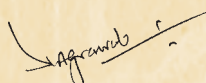
Membership No. 60162)

Partner

7A, Kiran Shankar Ray Road,

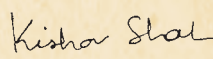
Kolkata - 700 001.

25th November, 2009.



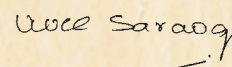
S. K. Agrawala

Secretary



Kishor Shah

Director cum Chief Financial Officer



Vivek Saraog

Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
1 SHARE CAPITAL				
Authorised				
40,00,00,000 Equity Shares of Re.1/- each	4000.00		4000.00	
25,00,00,000 Preference Shares of Rs.100/- each	2500.00		2500.00	
		6500.00		6500.00
Issued, Subscribed and Paid up				
25,67,55,060 (Previous year 25,55,36,310) Equity Shares of Re. 1/- each fully paid up (Refer Note No. 9 of Schedule - 23)		2567.55		2555.36
		2567.55		2555.36

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
2 RESERVES & SURPLUS				
Capital Reserves				
Balance as per last account	86.42		86.42	
Add : Forfeiture of Deposit against Convertible Warrants (Refer Note No. 10 of Schedule - 23)	920.00	1006.42	-	86.42
Capital Redemption Reserve				
Balance as per last account		2500.00		2500.00
Securities Premium				
Balance as per last account	48758.96		42050.56	
Add : On Preferential issue of Equity Shares	-		6708.40	
Add : On Exercise of Employees Stock Option	1052.85	49811.81	-	48758.96
Revaluation Reserve				
Balance as per last account		18.24		18.24
Employees Stock Option Adjustment Account				
Balance as per last account	196.18		32.72	
Add : Transfer from Profit & Loss Account on grant of Employees Stock Option / Revision in Exercise Price	1192.22		184.67	
	1388.40		217.39	
Less : Utilised/Transfer back to Profit & Loss Account	547.58		21.21	
Less : Deferred Employee Compensation Expenses (Refer Note No. 11 of Schedule - 23)	270.13	570.69	-	196.18
General Reserve				
Balance as per last account	45744.54		42772.19	
Add : Transfer from Profit & Loss Account	11000.00		3000.00	
	56744.54		45772.19	
Less : Adjustment as per transitional provisions of AS - 15	-	56744.54	27.65	45744.54
Profit and Loss Account				
Surplus as per Profit & Loss Account		4238.55		1599.68
Storage Fund For Molasses				
Balance as per last account	49.54		83.30	
Add : Transfer from Profit & Loss Account	17.94		30.35	
	67.48		113.65	
Less : Transfer back to Profit & Loss Account (Refer Note No. 12 (a) of Schedule - 23)	-	67.48	64.11	49.54
		114957.73		98953.56

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009	As at 30th September, 2008
3 SECURED LOANS		
A. TERM LOANS		
i. Rupee Loans		
a) State Bank of India (SBI)	633.84	1875.00
b) State Bank of India (SBI) (Interest Free)	11643.00	11643.00
c) Punjab National Bank (PNB) (Interest Free)	510.00	510.00
d) Government of India, Sugar Development Fund (SDF)	12355.86	7638.52
e) Government of India (GOI) (Interest Free)	80.25	120.38
ii. External Commercial Borrowings (ECB)		
a) State Bank of India (SBI)	17251.11	19560.87
b) UCO Bank (UCO)	4120.50	4120.50
c) ABN Amro Bank, NV (ABN)	8056.15	9083.44
d) CITI Bank (CITI)	4420.00	4420.00
e) BNP Paribas (BNP)	2327.50	4655.00
f) Standard Chartered Bank (SCB)	4372.00	4372.00
g) DBS Bank Ltd. (DBS)	6651.00	6651.00
h) Cooperative Centrale Raiffeisen- Boerenleenbank, B.A. (CCRB)	8928.16	8928.16
i) International Finance Corporation, Washington (IFC)	15853.51	18499.70
Total (A)	97202.88	102077.57
B. CASH CREDIT ACCOUNT		
a) State Bank of India (SBI)	–	21653.70
b) Punjab National Bank (PNB)	–	1336.34
Total (B)	–	22990.04
Total (A+B)	97202.88	125067.61
Summary of Secured Loans		
Loans from Banks	68913.26	98809.01
Loans from Others	28289.62	26258.60
	97202.88	125067.61
Interest Accrued & Due Included in Above		
Under loans from Banks	8.84	–

Notes :

- Rupee Term loan from SBI is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Akbarpur and also guaranteed by the Managing Director of the Company (due within a year Rs.633.84 lacs, Previous year Rs.1250.00 lacs).
- Interest Free Rupee Term Loan from SBI is secured by way of residual charge on immovable properties, both present and future, pertaining to Company's sugar units and by way of hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with PNB and by way of residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company and also guaranteed by the Managing Director of the Company (due within a year Rs.3880.00 lacs, Previous year Nil).
- Interest Free Rupee Term Loan from PNB is secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI (due within a year Rs.154.00 lacs, Previous year Nil).
- Rupee Term Loans from SDF are secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Tulsipur; sugar and cogeneration units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon (due within a year Rs.1010.55 lacs, Previous year Rs.852.89 lacs).
- Interest Free Rupee Term Loan from GOI is secured by way of equitable mortgage on immovable properties and hypothecation of movable properties, both present and future, pertaining to Company's sugar unit at Babhnan, subject to charge on current assets (including book debts) created in favour of SBI to secure the working capital limits and also guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.40.13 lacs, Previous year Rs.40.13 lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

6. a) ECB from SBI amounting to Rs.3464.61 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Akbarpur (due within a year Rs.2309.76 lacs, Previous year Rs.2309.76 lacs).
- b) ECB from SBI amounting to Rs.13786.50 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Nil, Previous year Nil).
7. ECB from CCRB, BNP and UCO are secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Rs.2327.50 lacs, Previous year Rs.2327.50 lacs).
8. ECBs from ABN are secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Mankapur (due within a year Rs.1027.29 lacs, Previous year Rs.1027.29 lacs).
9. ECB from CITI is secured by way of first pari passu hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Nil, Previous year Nil).
10. ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's cogeneration unit at Balrampur (due within a year Nil, Previous year Nil).
11. ECB from DBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur (due within a year Nil, Previous year Nil).
12. a) ECB from IFC amounting to Rs.699.90 lacs is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and cogeneration units at Haidergarh, first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's distillery and organic manure units at Babhnan and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.699.90 lacs, Previous year Rs.1399.80 lacs).
- b) ECB from IFC amounting to Rs.15153.61 lacs is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and cogeneration units at Haidergarh and Rauzagaon and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.2524.78 lacs, Previous year Rs.1261.54 lacs).
13. Cash Credit with SBI is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of Balrampur sugar unit of the Company (excluding current assets of cogeneration & distillery units) on pari passu basis with PNB and hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company (excluding current assets of cogeneration & distillery units) and further secured by way of 3rd charge on fixed assets of the sugar units of the Company and also guaranteed by the Managing Director of the Company.
14. Cash Credit with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) ranking pari passu with SBI.
15. Aggregate amount of Term Loans payable within a year Rs.14607.75 lacs (Previous year Rs.10468.91 lacs).

(Rupees in Lacs)

		As at 30th September, 2009	As at 30th September, 2008
4	UNSECURED LOANS		
Short Term Loan			
From a Bank		-	10000.00
		-	10000.00
Note: Aggregate amount of Loan payable within a year (Rs. in lacs)		-	10000.00

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

5 FIXED ASSETS		GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK			
Sl. No.	Particulars	As at 01.10.2008	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Total As at 30.09.2009	Up to 30.09.2008	For the year	Deductions/ Adjustments during the year	Total Up to 30.09.2009	As at 30.09.2009	As at 30.09.2008
	Tangible Assets										
1	Land (Freehold)	7442.27	37.27	832.93	6646.61	-	-	-	-	6646.61	7442.27
2	Land (Lease hold)	404.34	1.20	(36.67)	442.21	19.63	3.87	-	23.50	418.71	384.71
3	Building & Office Premises	45779.25	149.13	(3.40)	45931.78	4862.90	993.57	0.41	5856.06	40075.72	40916.35
4	Railway Siding	11.13	-	-	11.13	6.67	0.41	-	7.08	4.05	4.46
5	Tube Well & Water Supply	445.90	14.45	(20.86)	481.21	59.97	7.03	(0.97)	67.97	413.24	385.93
6	Plant & Machinery	178633.14	788.51	94.19	179327.46	42469.53	9473.36	58.91	51883.98	127443.48	136163.61
7	Furniture & Other Office Equipments	2845.63	57.41	127.82	2775.22	1367.30	196.17	61.88	1501.59	1273.63	1478.33
8	Motor Vehicles	1852.14	82.73	105.08	1829.79	1030.61	118.82	52.02	1097.41	732.38	821.53
	Intangible Assets										
9	Computer Software (Acquired)	4.58	-	-	4.58	0.66	1.92	-	2.58	2.00	3.92
	Total	237418.38	1130.70	1099.09	237449.99	49817.27	10795.15	172.25	60440.17	177009.82	187601.11
	Previous Year Total	197031.69	40794.07	407.38	237418.38	38252.48	11755.84	191.05	49817.27	-	-
10	Capital Work-in-Progress	705.49	482.94	522.81	665.62	-	-	-	-	665.62	705.49
	Capital Work-in-Progress (Previous Year)	33218.00	59.98	32572.49	705.49	-	-	-	-	-	-
	Grand Total	238123.87	1613.64	1621.90	238115.61	49817.27	10795.15	172.25	60440.17	177675.44	188306.60
	Previous year Grand Total	230249.69	40854.05	32979.87	238123.87	38252.48	11755.84	191.05	49817.27	-	-

(Rupees in Lacs)

Notes:

- 1) Depreciation for the year includes
 - i) Depreciation for earlier years
 - ii) Depreciation Capitalised
- 2) Amount of borrowing cost capitalised

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	Face Value Per Share/Units	Number of Shares/Units	As at 30th September, 2009	Number of Shares/Units	As at 30th September, 2008
6 INVESTMENTS					
Long Term Investments (At Cost)					
A. Trade Investments :					
In Equity Shares of Companies :					
Subsidiary Companies:					
Quoted :					
Fully Paid Up Equity Shares in Indo Gulf Industries Ltd.	Rs.10	43,53,365	305.39 @	43,53,365	305.39 @
Partly Paid Up Equity Shares in Indo Gulf Industries Ltd. (Rs.5/- per Share paid up)	Rs.10	8,09,158	16.33 @	8,09,158	16.33 @
Unquoted, Fully Paid Up :					
Balrampur Overseas Pvt. Ltd.	HKD1	20,00,000	102.42	20,00,000	102.42
Other Companies :					
Unquoted, Fully Paid Up :					
Avantika Ganna Pvt. Ltd. (Sold during the year)	Rs.10	-	-	1,96,600	19.66
Asia Sugar Industries Pvt. Ltd. (Sold 7,50,000 shares during the year)	Rs.10	250,000	25.00	10,00,000	100.00
Balrampur Sugar Company Consumers Co-operative Society Ltd.	Rs.100	35	0.03	35	0.03
Co-operative Development Union Ltd.	Rs.10	110	0.01	110	0.01
Co-operative Stores Ltd.	Rs.10	1	- *	1	- *
B. Other than Trade :					
In Government Securities :					
(Deposited with Government Authorities)					
National Plan Certificates			-		0.04
Post Office National Saving Certificates			6.48		5.12
Unquoted, Fully Paid Up Equity Shares :					
Fortuna Services Ltd.	Re.1	48	- *	48	- *
Current Investments (Unquoted), Other than Trade (At lower of Cost and fair value)					
In Units of Mutual Funds (Acquired during the year)					
Birla Sun Life Savings Fund Inst. - Growth	Rs.10	2,350,620.70	400.04	-	-
SBI-SHF-Ultra Short Term Fund - Inst. Plan - Growth	Rs.10	100,768,491.08	11801.45	-	-
			12657.15		549.00
Aggregate Book Value of Quoted Investments @			321.72		321.72
Aggregate Book Value of Unquoted Investments			12335.43		227.28

@ Market Value not available.

* Shown as Nil due to rounding off.

Note: Refer Note No. 13 of Schedule - 23 for Current Investments purchased and redeemed/ switched over during the year.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
7 INVENTORIES (At lower of cost and net realisable value)				
Stores & Spare Parts		4185.94		5735.62
Loose Tools		348.37		370.38
Scrap		33.88		28.51
Raw Materials		8570.32		5.34
Molasses		696.40		961.69
Bagasse		210.55		342.21
Pressmud		1.21		4.28
Finished Goods				
Sugar	19222.45		47191.39	
Industrial Alcohol	733.11		806.94	
Organic Manure	50.15		48.47	
Banked Power	120.94	20126.65	56.35	48103.15
Work- in- Progress				
Sugar	132.89		67.84	
Molasses	4.72		2.69	
Organic Manure	5.60	143.21	13.60	84.13
Standing Crop		26.48		3.76
		34343.01		55639.07
Notes : Stock in transit included in				
i) Stock of Stores & Spare Parts (Rs. in lacs)		36.00		217.85
ii) Stock of Raw Materials (Rs. in lacs)		513.89		-

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
8 SUNDRY DEBTORS (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	405.39		281.15	
Considered Doubtful	83.30	488.69	83.30	364.45
Other Debts - Considered Good		1304.62		4618.08
		1793.31		4982.53
Less : Provision for Doubtful Debts		83.30		83.30
		1710.01		4899.23
Note: Sundry Debtors include Debts under litigation (Rs. in lacs)		45.59		47.44

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
9 CASH AND BANK BALANCES				
Cash and Cheques on hand (As certified)				
Cash on hand	127.90		240.65	
Cheques on hand	637.00	764.90	1780.24	2020.89
Bank Balances :				
With Scheduled Banks				
On Current Accounts	2212.13		1168.40	
On Fixed Deposit Accounts (Refer Note No. 12 of Schedule - 23)	130.14		136.86	
On Unclaimed Dividend Accounts	96.99	2439.26	95.76	1401.02
With Non-Scheduled Banks				
On Current Accounts (Refer Note No. 14 of Schedule - 23)		92.77		90.30
With Post Office *				
On Savings Bank Accounts		0.46		0.46
		3297.39		3512.67
* Maximum amount outstanding at any time during the year (Rs. in lacs)		0.46		0.46

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
10 OTHER CURRENT ASSETS				
Interest Accrued on Investments & Fixed Deposits		15.49		1.62
		15.49		1.62

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
11 LOAN AND ADVANCES (Considered good except stated otherwise)				
Loans				
To a Subsidiary Company (Secured)		7500.00		7500.00
To Other Company (Unsecured)		2750.00		–
Advances (Unsecured)				
Advances recoverable in cash or in kind or for value to be received or pending adjustment				
Considered Good	10045.66		9373.75	
Considered Doubtful	232.99	10278.65	226.99	9600.74
Advance against Capital Assets		95.57		115.57
Advance Payment of Tax/Income Tax Refundable	9802.05		7425.77	
Less: Provision for Tax	9802.05	–	7425.77	–
MAT Credit Entitlement (Refer Note No. 15 of Schedule - 23)		5904.18		–
Balances with Excise Authorities etc.		4766.26		6559.35
Security Deposits		61.34		59.58
		31356.00		23835.24
Less: Provision for Doubtful Advances		232.99		226.99
		31123.01		23608.25
Notes:				
i) Maximum amount of loan outstanding during the year from Indo Gulf Industries Ltd., a Subsidiary Company (Rs. in lacs)		9950.00		10194.45
ii) Loans & Advances include Advances under litigation (Rs. in lacs)		21.78		23.07

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
12 CURRENT LIABILITIES				
Sundry Creditors				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 16 of Schedule - 23)		37.32		42.56
Total outstanding dues of creditors other than Micro and Small Enterprises	11943.98	11981.30	17579.80	17622.36
Advance from Customers		1046.64		–
Investor Education & Protection Fund				
Unclaimed Dividend *		96.99		95.76
Excess Price of Levy Sugar (Refer Note No. 17 of Schedule - 23)		43.15		43.15
Other Liabilities		354.46		301.75
Interest accrued but not due on loans		2026.00		2242.53
		15548.54		20305.55

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
13 PROVISIONS				
Provision for Tax	10684.35		10246.85	
Less: Advance Payment of Tax / Income Tax Refundable	9802.05	882.30	7425.77	2821.08
Proposed Dividend		7702.65		1277.68
Provision for Tax on Proposed Dividend		1309.07		217.14
Provision for Retirement Benefits of Employees		308.93		307.91
Provision for Contingencies (Refer Note No. 18 (a) of Schedule - 23)		7.34		9.30
		10210.29		4633.11

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Share Issue Expenses	178.10		321.19	
Less : Written off during the year	124.83	53.27	143.09	178.10
		53.27		178.10

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
15 OTHER INCOME				
Dividend on Current Investments (Other than Trade)		18.76		154.20
Insurance Claims		243.74		269.63
Unspent Liabilities / Balances written back		148.94		108.72
Profit on Sale of Investments *		99.67		-
Storage Fund For Molasses written back		-		64.11
Profit on Sale of Fixed Assets		35.09		5.36
Rent (Gross)		33.96		40.51
Miscellaneous Income (Gross)		42.36		245.83
Export Subsidy		-		115.70
Exchange Rate Fluctuation		-		182.24
Insurance & Storage Charges on Buffer Stock		-		222.93
		622.52		1409.23
Notes: Tax Deducted at Source :				
on Rent (Rs. in lacs)		1.18		1.23
on Miscellaneous Income (Rs. in lacs)		0.03		2.00
		1.21		3.23
* Includes				
Profit on Sale of Long Term Investments in Associates (Trade)		41.78		-
Profit on Sale of Current Investments (Other than Trade)		57.89		-
		99.67		-

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
16 DECREASE / (INCREASE) IN STOCK				
Opening Stock				
Finished Goods	48103.15		34828.88	
Molasses	961.69		893.36	
Bagasse	342.21		509.76	
Pressmud	4.28		11.18	
Work-in-Progress	84.13	49495.46	98.38	36341.56
Less: Closing Stock				
Finished Goods	20126.65		48103.15	
Molasses	696.40		961.69	
Bagasse	210.55		342.21	
Pressmud	1.21		4.28	
Work-in-Progress	143.21	21178.02	84.13	49495.46
		28317.44		(13153.90)
Less/(Add): Excise Duty & Cess on Stock (Refer Note No. 21 of Schedule - 23)		1989.56		(788.14)
		26327.88		(12365.76)

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
17 FARM ACCOUNT				
Sales		10.81		4.10
Rent (Gross)		0.10		0.10
Closing Stock of Standing Crop		26.48		3.76
Net Loss transferred to Profit & Loss Account		6.90		5.86
		44.29		13.82
Opening Stock of Standing Crop		3.76		2.82
Cane Seed Purchase		6.05		2.16
Fertilisers & Manures		4.36		1.76
Salaries & Wages		3.60		2.72
Power & Fuel		2.88		0.66
Rent		3.14		1.00
Irrigation & Cultivation Expenses		12.38		0.90
Repairs - Others		6.97		1.75
Miscellaneous Expenses		1.15		0.05
		44.29		13.82

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
18 SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS				
Salaries, Wages, Bonus etc.		7936.31		7161.62
Contribution to Provident Fund, Gratuity & Other Funds (Including provisions)		836.13		765.32
Workmen & Staff Welfare Expenses		246.32		269.70
		9018.76		8196.64

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
19 OTHER MANUFACTURING & ADMINISTRATIVE EXPENSES				
Consumption of Stores & Spare Parts		3114.28		6550.34
Power & Fuel		374.90		512.88
Filling & Packing Expenses		111.76		186.55
Rent		39.47		42.24
Rates & Taxes		134.24		134.87
Repairs				
Plant & Machinery	3148.48		3436.36	
Buildings	326.87		204.79	
Others	242.28	3717.63	255.44	3896.59
Insurance		408.54		476.70
Payment to Auditors (Refer Note No. 22 of Schedule - 23)		27.55		27.02
Miscellaneous Expenses		2803.18		2802.63
Charity & Donation		96.28		111.74
Directors' fees		5.90		6.50
Managerial Remuneration (Refer Note No. 23 of Schedule - 23)		531.60		532.68
Loss on Sale of Current Investments (Other than Trade)		-		0.02
Loss on Sale/Discard of Fixed Assets		683.30		92.51
Exchange Rate Fluctuation		177.76		497.03
Provision for Doubtful Debts/Advances		6.00		310.30
Sundry Debit Balances / Advances written off		54.68		59.72
Share Issue Expenses written off		124.83		143.09
Transfer to Storage Fund for Molasses		17.94		30.35
		12429.84		16413.76

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
20 SELLING EXPENSES				
Brokerage		497.55		338.68
Despatching & Forwarding Expenses		359.11		450.04
Cash Discount		159.99		217.44
Others		40.14		144.52
		1056.79		1150.68

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
21 INTEREST & OTHER FINANCIAL CHARGES				
On Fixed Loans	8436.80		7308.41	
On Other Loans (Including Financial Charges)	2391.76	10828.56	2787.23	10095.64
Less:				
Interest Income (Gross) *				
On Long Term Investments (Govt. Securities)	0.29		0.11	
On Loan to a Subsidiary	1002.07		1036.82	
On Loan to Others	67.36		23.40	
On Income Tax Refund	14.68		50.91	
On Fixed Deposits with Banks	49.92		14.65	
On Others (Deposits etc.)	9.65	1143.97	4.64	1130.53
		9684.59		8965.11
* Tax deducted at Source on Interest (Rs. in lacs)		128.31		2.18

SCHEDULES FORMING PART OF THE ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

2. Use of Estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates generally include future obligations under employee retirement benefit plans and income taxes.

3. Fixed Assets, Intangible Assets and Capital Work-in-Progress

- a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988 and Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre operational expenses including finance charges, wherever applicable.
- b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.
- c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital Work-in-Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4. Depreciation and Amortisation

- a) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended) other than on Power Transmission lines and Mobile Phones. Power Transmission Lines are amortised/depreciated over a period of five years and Mobile Phones over a period of three years on straight line basis.
- b) Depreciation/amortisation on assets added, sold or discarded during the year has been provided on pro-rata basis.
- c) Lease hold land in the nature of perpetual lease are not amortised. Other lease hold land are amortised over the period of the lease.
- d) Computer Software (Acquired) are amortised over a period of five years. Amortisation is done on straight line basis.

5. Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost for overseas investments comprises of the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Cost includes acquisition charges such as brokerage, fee and duties.

6. Inventories

- a) Inventories (other than By-products, Scrap and Standing crop) are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost incurred in bringing the Inventories to their respective present location and condition. The cost of Inventories is computed on weighted average basis.
- b) Assets identified and technically evaluated as obsolete and held for disposal are valued at their estimated net realisable value.
- c) By-products (Molasses & Bagasse), Scrap and Standing Crop are valued at net realisable value.
- d) Inter-unit transfer of By-products include the cost of transportation, duties, etc.

7. Share Issue Expenses

These are equally amortised over a period of five years.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

8. Revenue Recognition

- a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- b) Gross turnover includes excise duty but excludes sales tax / VAT.
- c) Dividend income is accounted for in the year it is declared.
- d) All other income are accounted for on accrual basis.

9. Expenses

All the expenses are accounted for on accrual basis.

10. Government Grants & Subsidies

- a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not related to a specific fixed asset, it is credited to Capital Reserve.
- b) Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

11. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Re-imbursment expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imbursment will be received.

A Contingent Asset is not recognised in the Accounts.

12. Impairment of Assets

Impairment losses, if any, are recognised in accordance with the Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006.

13. Foreign Currency Transactions

- a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.
- c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference. The premium or discount on forward exchange contracts is amortised over the period of the respective contract.
- d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Profit & Loss Account.
- e) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit & Loss Account.

14. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue in the period in which they are incurred.

15. Insurance Claims

Accounted for on settlement of claims.

16. Employee Benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.
- b) Long-term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employees have rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Profit & Loss Account.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

17. Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option (excess of market price of the share over the exercise price of the option) is treated as discount and accounted for as employee compensation cost over the vesting period.

18. Taxes on Income

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

23 NOTES ON ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009	As at 30th September, 2008
1. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	234.58	256.97
b) Advances paid against above	95.57	115.57
2. Contingent Liabilities not provided for in respect of:		
a) Calls in arrear of a Subsidiary Company in respect of partly paid up Equity Shares	181.90	181.90
b) Differential Cane Price for the Sugar Seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble Calcutta High Court	32.93	32.93
c) Differential Cane Price for the Sugar Season 2007-08 pending disposal of the Writ filed by the U.P. Sugar Mills Association of which the Company is a member, in Hon'ble Supreme Court of India	9076.97	9076.97
d) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is subjudice	Amount not ascertainable	Amount not ascertainable
e) Claims against the Company not acknowledged as debts :		
i) Excise Duty Demand - under appeal	262.90	228.94
ii) Sales Tax Demand - under appeal	5.12	18.79
iii) Others - under appeal/litigation	861.87	203.46
f) Bank Guarantees furnished (Bank Guarantees are provided under Contractual/Legal obligation)	2884.66	2096.53
g) Corporate Guarantee given to a Bank on behalf of a Subsidiary	3550.00	3550.00

3. The Company has accounted for Cane Price for the Sugar Season 2006-07 at State Advised Price of Rs.125/- per quintal. Subsequently, the Hon'ble Supreme Court vide its interim order dated 27th February, 2008 announced the price of Rs.118/- per quintal. Accordingly, subsequent payment of Cane dues remaining outstanding on the date of the Order were made by the Company @ Rs.118/- per quintal. Pending final decision of the Supreme Court, the impact of differential Cane Price has not been given in the Accounts.

4. There is a pari passu charge by way of hypothecation and equitable mortgage on the fixed assets of Kumbhi and Gularia units of the Company for an amount of Euro 4.50 million equivalent to Rs.2456.61 lacs (Previous year Rs.2456.61 lacs) in favour of BNP Paribas, India for securing various Swap Contracts entered into in connection with hedging in respect of External Commercial Borrowings availed by the Company.

5. **During the year, the Company sold its Investment in Equity Shares of following Associate Companies :**

Name of the Associate	No. of Shares sold
Avantika Ganna Private Limited	196600
Asia Sugar Industries Private Limited	750000

As a consequence of above, both ceased to be Associate of the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

6. a) Land, Building, Plant & Machinery, Railway Siding, Tubewell and Water Supply Machinery of Balrampur unit were revalued as at 30th June, 1988 on net replacement value as per the report of S.R. Batliboi Consultants Pvt. Ltd. and the cost of respective assets aggregating to Rs.1200.77 lacs was substituted by the revalued amount of Rs.1920.52 lacs and the resultant increase was credited to Revaluation Reserve.
- b) Land, Building and Plant & Machinery of Tulsipur unit were revalued as at 31st March, 1999 on net replacement value as per the report of Lodha & Co. and the cost of the respective assets aggregating to Rs.1023.85 lacs was substituted by the revalued amount of Rs.2944.93 lacs and the resultant increase was credited to Revaluation Reserve in the books of erstwhile Tulsipur Sugar Company Limited.
7. The Board of Directors of the Company in its meeting held on 27th July, 2009, has approved, subject to the approval of its Shareholders and the Board for Industrial & Financial Reconstruction (BIFR), revival proposal of its Subsidiary, Indo Gulf Industries Limited (IGIL) which is based on demerger of Sugar Unit of IGIL and merger of the said Sugar Unit with the Company. The draft Rehabilitation Scheme submitted by State Bank of India (Operating Agency) is under consideration of BIFR.

8. **Details of Deferred Tax Liability and Assets are as below:**

(Rupees in Lacs)

	2008-09	2007-08
a) Deferred Tax Liability :		
Depreciation	26163.47	24193.68
	26163.47	24193.68
b) Deferred Tax Assets :		
i) MAT Credit	-	3250.24
ii) Carried Forward Losses	128.11	3596.73
iii) Expenses allowable for tax purposes when paid	5647.58	3087.36
	5775.69	9934.33

Note :

Carried Forward Losses have been recognised as Deferred Tax Assets as per latest Income Tax Assessment Order / Return of Income filed by the Company.

9. **Details of Issued, Subscribed and Paid up Equity Share Capital of the Company:**

- a) 15,55,39,650 Equity Shares have been issued and allotted as fully paid up Bonus Shares by utilisation of Securities Premium, Capital Redemption Reserve and capitalisation of General Reserve.
- b) 2,37,55,600 Equity Shares have been issued to the members of erstwhile Babhnan Sugar Mills Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.
- c) 21,15,400 Equity Shares have been issued to the members of erstwhile Tulsipur Sugar Company Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.
- d) Out of 2,27,66,780 Equity Shares of Re.1/- each offered to the shareholders on Rights basis, issue of 17,270 (Previous year 17,270) Equity Shares has been kept in abeyance as per the direction of Court.
- e) 1,63,52,000 fully paid up Equity Shares of Re.1/- each were allotted in January, 2006 at a price of Rs.135/- per Share, ranking pari passu with the existing Equity Shares, each of which is represented by one Global Depository Receipt (GDR) issued @ US\$ 3.0577 each for an aggregate amount of US\$ 50 million.
10. The Company had issued 1,00,00,000 warrants convertible into equal number of Equity Shares of Re.1/- each at a premium of Rs.91/- per Share to the Promoter Group and received Rs.920.00 lacs being 10% of the value of the warrants during the year 2007-08. As per the terms of issue and allotment of warrants, Promoters/allottees had the option to get the warrants converted into Equity Shares within a period of 18 months from the date of allotment by payment of balance 90% of the issue price. The said period of 18 months expired and the Company did not receive the balance 90% of the issue price. Therefore, 10% of the issue price received initially was forfeited and transferred to Capital Reserve.
11. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years. During the year, Options covered by 1st, 2nd, 3rd and 4th Series and which remained outstanding were re-priced. The revised Exercise Price of Rs.45/- was approved by the Shareholders of the Company in the Extra-Ordinary General Meeting held on 25th May, 2009.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

The details of Options granted, lapsed and exercised are as under:

Year of Issue	2005-06	2006-07	2007-08	2008-09	2008-09	Total
Series	1st	2nd	3rd	4th	5th	
Date of grant of Option	31/10/05	27/11/06	27/11/07	25/11/08	28/05/09	
Initial Exercise Price (Rs.)	74.60	104.10	72.20	74.20	45.00	
Revised Exercise Price (Rs.)	45.00	45.00	45.00	45.00	N.A.	
Market Price on the date of grant (Rs.)	81.10	87.65	90.75	35.40	82.35	
Excess of initial Exercise Price over Revised Exercise Price (Rs.)	29.60	59.10	27.20	29.20	N.A.	
Excess of Market Price over Revised Exercise Price (Rs.)	36.10	42.65	45.75	-	N.A.	
Number of Options granted upto 30.09.2008	622500	883000	995500	-	-	2501000
Number of Options exercised upto 30.09.2008	81650	-	-	-	-	81650
Number of Options lapsed upto 30.09.2008	151000	159000	74500	-	-	384500
Number of Options outstanding on 01.10.2008	389850	724000	921000	-	-	2034850
Number of Options granted during the year	-	-	-	1280000	1464500	2744500
Number of Options exercised during the year	278650	454600	485500	-	-	1218750
Number of Options lapsed during the year	11000	48000	64000	68000	18000	209000
Number of Options outstanding on 30.09.2009	100200	221400	371500	1212000	1446500	3351600
Number of Options outstanding on the date of Revised Exercise Price	379350	689000	879000	1234000	-	3181350

Note : Refer Director's Report for other disclosures.

12. a) Fixed Deposits with Scheduled Banks include an amount of Rs.84.55 lacs (Previous year Rs.61.05 lacs) specifically earmarked for construction of Molasses Storage Tank.
- b) Fixed Deposits pledged with Excise authorities etc. Rs.45.01 lacs (Previous year Rs.45.01 lacs).
13. During the year, the following Current Investments in Liquid Schemes of Mutual Funds were purchased and switched / re-deemed :

Particulars of Investments	Purchased during the year		Switched/re-deemed during the year	
	No. of units	Amount (Rs. in Lacs)	No. of units	Amount (Rs. in Lacs)
Birla Sunlife Cash Plus Institutional - Growth	1643641.982	400.00	1643641.982	400.04
Birla Sunlife Cash Plus Institutional Premium - DDR	15970511.876	1600.17	15970511.876	1600.17
Birla Sunlife Savings Fund Institutional - Growth	9458919.651	1600.17	9458919.651	1606.81
HDFC Cash Management Fund - Savings Plan - DDR	56444953.703	6003.71	56444953.703	6003.71
HDFC Cash Management Fund - Savings Plan - Growth	26708993.935	5009.74	26708993.935	5010.99
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale - Growth	15312096.882	3000.59	15312096.882	3009.74
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - DDR	29782062.510	3002.30	29782062.510	3002.30
ICICI Prudential Flexible Income Plan Premium - DDR	33127736.418	3502.76	33127736.418	3502.76
ICICI Prudential Flexible Income Plan Premium - Growth	27712326.513	4601.77	27712326.513	4606.78
ICICI Prudential Institutional Liquid Plan - Super Institutional - DDR	70040793.151	7004.43	70040793.151	7004.43
ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	34794115.400	4600.00	34794115.400	4601.77
Reliance Floting Rate Fund - DDR	9931781.520	1000.10	9931781.520	1000.10
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth	8245015.637	1800.00	8245015.637	1804.32
Reliance Liquidity Fund - DDR	90026056.080	9005.40	90026056.080	9005.40
Reliance Liquidity Fund - Growth	49735227.899	6723.55	49735227.899	6725.07
Reliance Money Manager Fund - Institutional Option - DDR	449862.880	4503.74	449862.880	4503.74
Reliance Money Manager Fund - Institutional Option - Growth	353890.195	4305.76	353890.195	4323.55
SBI Magnum Insta Cash Fund Cash Option	96990612.271	19400.00	96990612.271	19402.33
SBI-SHF- Ultra Short Term Fund Institutional Plan	82081428.915	8808.08	82081428.915	8810.86
TATA Floating Rate Short Term Institutional Plan - DDR	14980225.653	1500.30	14980225.653	1500.30
TATA Floating Rate Short Term Institutional Plan - Growth	15548361.324	2200.00	15548361.324	2200.25
TATA Treasury Manager SHIP - DDR	148617.775	1501.51	148617.775	1501.51
TATA Treasury Manager SHIP - Growth	364860.476	3701.77	364860.476	3706.81
Total		104775.85		104833.74

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

14. Balance with Non-Scheduled Banks on Current Accounts :

(Rupees in Lacs)

Name of the Bank	Closing Balance as at 30th September		Maximum amount outstanding at any time during the year ended 30th September	
	2009	2008	2009	2008
Aryavart Gramin Bank - Barabanki (Unit: Rauzagaon)	13.94	15.35	39.03	17.24
Aryavart Gramin Bank - Barabanki (Unit:Haidergarh)	0.14	-	50.98	91.78
Aryavart Gramin Bank - Fatehpur	0.49	1.55	11.86	14.01
Aryavart Gramin Bank - Haidergarh	0.17	0.37	0.17	18.69
Baroda Eastern U.P. Gramin Bank - Faizabad	20.24	19.73	30.95	20.13
Baroda Eastern U.P. Gramin Bank - Fatehpur	1.60	0.91	14.95	18.28
Baroda Eastern U.P. Gramin Bank - Raibareli	0.20	-	22.46	-
Baroda Sahkari Kshetriya Gramin Bank-Gan	0.11	-	5.46	-
Devi Patan Gramin Bank - Mankapur	0.28	-	50.81	-
District Co-Operative Bank - Barabanki (Unit: Haidergarh)	0.26	0.25	12.44	15.76
District Co-Operative Bank - Barabanki (Unit:Rauzagaon)	8.30	7.95	13.09	10.97
District Co-Operative Bank - Faizabad	1.86	1.71	2.02	1.82
District Co-Operative Bank - Faizabad (Unit:Akbarpur)	0.08	-	26.30	-
District Co-Operative Bank - Fatehpur (Unit:Haidergarh)	0.20	0.28	2.12	9.99
District Co-Operative Bank - Odraha	9.25	0.09	9.59	0.32
District Co-Operative Bank - Sultanpur	0.40	7.58	113.44	101.85
District Co-Operative Bank - Gola	0.43	0.11	0.50	238.91
District Co-Operative Bank- Khutar	0.10	-	0.14	-
District Co-Operative Bank- Nakha	0.23	0.14	0.41	0.33
District Co-Operative Bank -Neemgaon	0.10	0.41	0.22	47.65
District Co-Operative Bank- Sikardabad	0.08	0.11	0.08	0.20
District Co-Operative Bank-Amirnagar	0.59	-	0.73	0.16
District Co-Operative Bank-Fatehpur (Unit:Kumbhi)	0.38	0.68	0.53	0.81
District Co-Operative Bank-Mohammedipur	0.14	0.11	15.19	30.00
District Co-Operative Bank-Phardhan	-	0.07	0.25	0.28
District Co-Operative Bank-Pipariadhani	0.15	0.11	1.19	36.28
Kashi Gonti Sanyukt Graming Bank -Azamgarh	-	-	3.40	-
Kshetriya Gramin Bank - Akbarpur	0.04	0.27	80.29	38.54
Kshetriya Gramin Bank - Dostpur	0.39	0.98	0.92	5.48
Kshetriya Gramin Bank - Mijhaura	10.48	8.06	114.99	569.59
Kshetriya Gramin Bank - Semri	0.10	0.15	3.77	5.45
Lucknow Khetriya Gramin Bank - Jarwal Kasba	0.34	0.47	6.96	6.96
Purvanchal Gramin Bank - Babhnan	0.14	-	221.06	-
Purvanchal Gramin Bank - Basti	0.06	-	0.47	-
Purvanchal Gramin Bank - Faizabad	7.35	7.18	8.22	9.40
Serve U.P. Gramin Bank - Babhnan	0.14	-	225.42	-
Serve U.P. Gramin Bank - Mankapur	0.11	-	0.43	-
Serve U.P. Gramin Bank- Tulsipur	0.29	3.84	191.04	1167.70
Shahjahanpur Krishak Gramin Bank - Kurai	3.17	0.36	4.46	26.37
Urban Co-Operative Bank	0.10	-	8.63	-
Urban Co-Operative Bank - Mohammedi	0.18	-	12.68	-
Zila Sahkari Bank Ltd. - Parsurampur	0.90	0.94	0.94	22.98
Zila Sahkari Bank Ltd. - Babhnan	0.22	-	56.55	-
Zila Sahkari Bank Ltd. - Lucknow	8.61	7.17	9.29	8.22
Zila Sahkari Bank Ltd. - Sultanpur	0.43	3.37	22.48	4.09
Total	92.77	90.30		

Note : None of the Directors or their relatives have any interest in any of the Non- Scheduled Banks.

15. The Company has recognised Rs.5904.18 lacs as Minimum Alternate Tax (MAT) Credit Entitlement, the credit of which would be available based on the provisions of Section 115 JAA of the Income Tax, 1961. The Management, based on the future profitability projections and also profit earned during the year, is confident that there would be sufficient taxable profit in future which will enable the Company to utilise the above MAT Credit Entitlement.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

16. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as under:

(Rupees in Lacs)

Sl. No.	Description	2008-09	2007-08
i)	The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	3.43	-
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.55	-
iii)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	0.19	-
v)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year *	0.74	-
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	-	-

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Schedule-12.

17. Excess amount of Levy Sugar Price received to date for various Sugar Seasons as per Orders of the Hon'ble High Court Rs.43.15 lacs (Previous year Rs.43.15 lacs) has not been credited to the Profit & Loss Account as the matter is subjudice.

18. Disclosures in terms of Accounting Standard -29 on Provisions, Contingent Liabilities and Contingent Assets:

- a) Movement of Provision for Liabilities:

(Rupees in Lacs)

Particulars	Duties & taxes	Others	Amount
Balance as at 1st October, 2008	8.27	1.03	9.30
Provided during the year	-	-	-
Amount used during the year	0.27	-	0.27
Reversed during the year	1.69	-	1.69
Balance as at 30th September, 2009	6.31	1.03	7.34
Timing of outflow/uncertainties		Outflow on settlement/crystallization	

- b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 2 & 18 (a) respectively are dependent upon Court decision / out of Court settlement/disposal of appeals etc.

- c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl.No. 2 & 18(a) above and in view of this no asset has been recognised in this respect.

19. Details of Adjustment relating to earlier years (Net) :

(Rupees in Lacs)

	2008-09	2007-08
a) Expenses:		
i) Cost of Raw Materials Consumed	0.24	0.02
ii) Salaries, Wages, Bonus etc.	-	1.23
iii) Workmen & Staff Welfare Expenses	0.05	-
iv) Rent	0.40	-
v) Rates & Taxes	2.55	-
vi) Power & Fuel	-	0.82
vii) Repairs - Plant & Machinery	1.52	-
viii) Repairs - Others	0.54	0.06
ix) Miscellaneous Expenses	3.66	2.82
	8.96	4.95
b) Income:		
i) Miscellaneous Income	-	1.73
ii) Consumption of Stores & Spare Parts written back	-	6.51
iii) Workmen & Staff Welfare Expenses written back	-	0.11
	-	8.35
Adjustments relating to earlier years (Net) (a - b)	8.96	(3.40)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

20. Earnings per Share - The numerators and denominators used to calculate Basic / Diluted Earnings per Share :

	2008-09	2007-08
a) Amount used as the numerator (Rs. in lacs)		
Profit after Tax	22650.59	9702.93
Total - (A)	22650.59	9702.93
b) Weighted average number of Equity Shares used as the denominator for		
Basic Earnings per Share - (B)	255623126	253595395
Add : Weighted average number of Equity Shares on account of Employees Stock Option Scheme	566096	190187
c) Weighted average number of Equity Shares used as the denominator for Diluted Earnings per Share - (C)	256189222	253785582
d) Nominal value of Equity Shares (Re.)	1.00	1.00
e) Basic Earnings per Share (Rs.) (A/B)	8.86	3.83
f) Diluted Earnings per Share (Rs.) (A/C)	8.84	3.82

21. Excise Duty & Cess on Stock :

The amount of Excise Duty & Cess on Stock shown in Schedule - 16 represents differential Excise Duty & Cess on Opening & Closing Stock of finished goods/by products.

22. Payment to Auditors:

(Rupees in Lacs)

Particulars	2008-09	2007-08
a) For Statutory Audit	15.00	15.00
b) For Limited Review & other Audits	10.00	9.49
c) For Certification Work	1.24	1.47
d) Reimbursement of Expenses	1.31	1.06
	27.55	27.02

The above amount excludes Service Tax and Education Cess thereon.

23. a) Details of Remuneration paid/payable to Directors :

(Rupees in Lacs)

Particulars	2008-09	2007-08
i) Salary	238.60	248.03
ii) Commission	230.00	230.00
iii) Contribution to Provident Fund, Gratuity and other Funds	58.15	50.20
iv) Perquisites (Including monetary value of perquisites Rs.5.39 lacs, Previous year Rs.4.80 lacs)	10.24	9.25
	536.99	537.48

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

b) Computation of Net Profit for the purpose of calculating Directors Remuneration :

(Rupees in Lacs)

	2008-09		2007-08	
Profit before Tax as per Profit & Loss Account		24960.75		12263.83
Add:				
i) Directors' Fees	5.90		6.50	
ii) Directors' Remuneration	531.60		532.68	
iii) Transfer to Storage Fund for Molasses	17.94		30.35	
iv) Loss on Sale/discard of Fixed Assets	683.30		92.51	
v) Loss on Sale of Current Investments	–		0.02	
vi) Depreciation as per Books of Account	10794.38		11720.50	
vii) Provision for Doubtful Debts / Advances	6.00	12039.12	310.30	12692.86
		36999.87		24956.69
Less :				
i) Depreciation as per Section 350 of the Companies Act*	10448.72		11366.85	
ii) Profit on Sale of Fixed Assets	35.09		5.36	
iii) Profit on Sale of Investments	99.67		–	
iv) Storage Fund for Molasses written back	–		64.11	
v) Brought forward loss	–	10583.48	3536.74	14973.06
Net Profit for the purpose of Directors' Remuneration		26416.39		9983.63
Eligible amount of Commission payable to Managing Director, Joint Managing Director and Director-cum-CFO @ 3% of Net Profit (1% to each)		792.49		299.50
Restricted as per terms of Agreements		210.00		210.00
Eligible amount of Commission payable to Non-Executive Directors @ 1% of Net Profit		264.16		99.84
Restricted, as per Shareholders approval		20.00		20.00

* The Company depreciates some of the fixed assets based on estimated useful life that are lower than those implicit in Schedule XIV to the Companies Act, 1956. Accordingly, the rate of depreciation used by the Company in respect of these fixed assets are higher than the rate prescribed under Schedule XIV.

24. Details of aggregate amount of loans outstanding which are guaranteed by the Managing Director / Joint Managing Director / Erstwhile Director:

(Rupees in Lacs)

Particulars	2008-09	2007-08
Loans from Banks (Including Non-Fund based limits Rs.2679.66 lacs, Previous year Rs.322.12 lacs)	14956.50	35493.82
Loans from Others	15933.76	18620.08
	30890.26	54113.90

Note : No Guarantee Commission is payable to the Guarantors.

25. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to Rs.3722.93 lacs (Previous year Rs.4281.53 lacs) allowable under the above policy have been accounted for.

The above policy has been terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007 wherein the Government expressed its intention to introduce another policy. The Company has been legally advised that it continues to be eligible to receive the incentives under the above policy. Furthermore, the Company has filed Writ Petition against withdrawal of the aforesaid policy which has been admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its Order dated 9th May, 2008, the hearing in respect of which is in progress.

26. Intangible Assets

- The unamortised amount of Share Issue Expenses Rs.53.27 lacs is to be amortised in the next 6 months.
- The unamortised amount of Computer Software (Acquired) Rs.1.79 lacs and Rs.0.21 lac are to be amortised equally in the next 3 years & three months and 3 years & seven months respectively.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

27. Employee Benefits :

As per Accounting Standard - 15, the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

Defined Contribution Plan :

Employee benefits in the form of Provident Fund and Labour Welfare Fund are considered as defined contribution plan except that Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as defined benefit plan since the Company has to meet the interest shortfall.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contributions plan, recognised as expense in the Profit & Loss Account are as under :

(Rupees in Lacs)

	2008-09	2007-08
Employer's Contribution to Provident Fund	242.72	244.65
Employer's Contribution to Labour Welfare Fund	0.01	0.01

Defined Benefit Plan:

Post employment and other long-term employee benefits in the forms of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets.

Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a defined benefit plan since the Company has to meet the interest shortfall. The interest shortfall of Rs.6.54 lacs (Previous year Rs.24.61 lacs) at the year end is recognised as expense for the year.

Any asset resulting from this calculation is limited to the discounted value of any economic benefit available in the form of refunds from the plan or reduction in future contribution to the plan. The amount recognised in the Accounts in respect of Employees Benefits Schemes based on actuarial reports are as follows :

a) Details of funded post retirement plans are as follows :

(Rupees in Lacs)

	2008-09		2007-08	
	Gratuity	Provident Fund	Gratuity	Provident Fund
I. Components of Employer Expense :				
1 Current Service Cost	153.82	115.39	146.77	112.47
2 Past Service Cost	-	-	-	-
3 Interest Cost	108.38	151.58	115.06	129.27
4 Expected return on Plan Assets	112.44	151.38	103.28	121.66
5 Actuarial (Gain) /Loss	66.91	(18.27)	(26.85)	16.94
6 Expense recognised in Profit & Loss Account	216.67	97.32	131.70	137.02
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the year	1504.48	1805.60	1427.50	1520.87
2 Interest Cost	108.38	151.58	115.06	129.27
3 Past Service Cost	-	-	-	-
4 Current Service Cost	153.82	115.39	146.77	112.47
5 Employees Contribution	-	130.44	-	129.21
6 Benefits Paid	118.87	290.49	147.73	30.50
7 Actuarial (Gain) / Loss	43.75	(24.73)	(37.12)	(55.72)
8 Present value of Defined Benefit Obligation at the end of the year	1691.56	1887.79	1504.48	1805.60
III. Change in Fair Value of Plan Assets during the year:				
1 Plan Assets at the beginning of the year	1405.54	1780.99	1290.97	1520.81
2 Expected return on Plan Assets	112.44	151.38	103.28	121.66
3 Actual Company Contribution	225.95	245.83	169.28	241.68
4 Benefits paid	118.87	290.49	147.73	30.50
5 Actuarial Gain / (Loss)	(23.16)	(6.46)	(10.26)	(72.66)
6 Plan Assets at the end of the year	1601.90	1881.25	1405.54	1780.99

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

	2008-09		2007-08	
	Gratuity	Provident Fund	Gratuity	Provident Fund
IV. Net Asset/(Liability) recognised in the Balance Sheet as at year end :				
1 Present value of Defined Benefit Obligation	1691.56	1887.79	1504.48	1805.60
2 Fair value of Plan Assets	1601.90	1881.25	1405.54	1780.99
3 Funded Status [Surplus/(Deficit)]	(89.66)	(6.54)	(98.94)	(24.61)
4 Net Asset/(Liability) recognised in Balance Sheet	(89.66)	(6.54)	(98.94)	(24.61)
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	7.50	8.50	8.50	8.50
2 Expected return on Plan Assets (per annum) %	8.00	8.50	8.00	8.00
3 Salary increase %	5.00	5.00	6.00	6.00
4 Retirement/Superannuation Age (Year)	60.00	60.00	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end :				
1 Administered by Insurance Companies	54%	-	47%	-
2 Public Financial Institutions / Public Sector Companies	21%	52%	23%	51%
3 Central / State Government Securities	23%	48%	28%	49%
4 Bank Deposits	1%	-	1%	-
5 Others (Cash & Cash Equivalents)	1%	-	1%	-
VII. Experience Adjustments :				
1 Defined Benefit Obligation	-	-	-	-
2 Plan Assets	-	-	-	-
3 Surplus /(Deficit)	-	-	-	-
4 Experience adjustments on Plan Liabilities	-	-	-	-
5 Experience adjustments on Plan Assets	-	-	-	-
VIII. Expected Employer's Contribution for the next year :				
Expected Employer's Contribution for the next year	248.50	122.31	186.21	119.22

IX. Basis used to determine the expected Rate of return on Plan Assets :

The basis used to determine overall expected Rate of return on Plan Assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the Capital and optimise returns within acceptable risk parameters, the Plan Assets are well diversified

b) Details of unfunded post retirement Defined Obligations are as follows:

(Rupees in Lacs)

	Leave Encashment (Unfunded)	
	2008-09	2007-08
I. Components of Employer Expense :		
1 Current Service Cost	11.47	13.39
2 Past Service Cost	-	-
3 Interest Cost	10.63	9.50
4 Expected return on Plan Assets	-	-
5 Actuarial (Gain) / Loss	24.55	101.04
6 Expense recognised in Profit & Loss Account	46.65	123.93

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

	Leave Encashment (Unfunded)	
	2008-09	2007-08
II. Change in Present Value of Defined Benefit Obligation :		
1 Present value of Defined Benefit Obligation at the beginning of the year	156.86	190.70
2 Interest Cost	10.63	9.50
3 Past Service Cost	–	–
4 Current Service Cost	11.47	13.39
5 Benefits Paid	30.25	157.77
6 Actuarial (Gain) / Loss	24.55	101.04
7 Present value of Defined Benefit Obligation at the end of the year	173.26	156.86
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end :		
1 Present value of Defined Benefit Obligation	173.26	156.86
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(173.26)	(156.86)
4 Net Asset / (Liability) recognised in Balance Sheet	(173.26)	(156.86)
IV. Actuarial Assumptions :		
1 Discount Rate (per annum) %	7.50	8.50
2 Expected return on Plan Assets (per annum) %	–	–
3 Salary increase %	5.00	6.00
4 Retirement/Superannuation Age (Year)	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996
V. Experience Adjustments :		
1 Defined Benefit Obligation	–	–
2 Plan Assets	–	–
3 Surplus /(Deficit)	–	–
4 Experience adjustments on Plan Liabilities	–	–
5 Experience adjustments on Plan Assets	–	–
VI. Expected Employer's Contribution for the next year :		
Expected Employer's Contribution for the next year	190.60	–

c) Other disclosures :

i) Basis of estimates of Rate of escalation in salary :

The estimates of rate of escalation in salary, considered in Actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

ii) The Gratuity and Provident Fund Expenses have been recognised under "Contribution to Provident Fund, Gratuity and Other Funds" and Leave Encashment under "Salaries, Wages, Bonus etc." under Schedule - 18.

iii) The amount of the Present value of Obligations, fair value of Plan Assets, Surplus/Deficit in the plan and experience adjustment arising on Plan Liabilities and Plan Assets for the previous three annual periods are not available and therefore, not disclosed.

28. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company has identified four primary business segments viz. Sugar, Distillery, Co-generation and Organic Manure. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segment. Investments, tax related assets/liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

c) Information about Primary Business Segments:

(Rupees in Lacs)

Particulars	Sugar	Distillery	Co-generation	Organic Manure	Unallocable	Total
Gross Sales	157834.13 (130611.08)	13541.67 (18750.25)	18255.21 (23688.10)	254.69 (143.78)	- (-)	189885.70 (173193.21)
Less : Inter Segment Sales	7002.18 (11634.97)	4.06 (14.09)	5777.49 (6293.74)	0.19 (0.20)	- (-)	12783.92 (17943.00)
External Sales	150831.95 (118976.11)	13537.61 (18736.16)	12477.72 (17394.36)	254.50 (143.58)	- (-)	177101.78 (155250.21)
Less : Excise Duty & Cess on External Sales	6642.52 (6910.05)	454.83 (1985.90)	- (-)	- (-)	- (-)	7097.35 (8895.95)
Net Sales	144189.43 (112066.06)	13082.78 (16750.26)	12477.72 (17394.36)	254.50 (143.58)	- (-)	170004.43 (146354.26)
Add : Allocable Other Income	374.33 (820.54)	33.77 (75.55)	82.48 (157.77)	1.75 (8.42)	- (-)	492.33 (1062.28)
Total Revenue	144563.76 (112886.60)	13116.55 (16825.81)	12560.20 (17552.13)	256.25 (152.00)	- (-)	170496.76 (147416.54)
Result						
Segment Result	24948.02 (6530.97)	4992.23 (6511.19)	8033.54 (10779.00)	(77.39) (-)	- (-)	37896.40 (23623.86)
Less:						
Unallocable Expenditure net of Unallocable Income					3251.06 (2394.92)	3251.06 (2394.92)
Interest & Other Financial Charges					9684.59 (8965.11)	9684.59 (8965.11)
Profit Before Tax						24960.75 (12263.83)
Tax						
Current Tax (Including Wealth Tax)						3449.00 (562.00)
Fringe Benefit Tax						28.00 (64.00)
Deferred Tax						6128.43 (1934.90)
MAT Credit Entitlement						(5904.18) (-)
Income Tax for earlier years written back						(1391.09) (-)
Profit After Tax						22650.59 (9702.93)
Other Information						
Segment Assets	157389.81 (188078.57)	16044.52 (17584.02)	55017.38 (59067.67)	1322.19 (1310.10)	36876.56 (20588.51)	266650.46 (286628.87)
Segment Liabilities	10423.22 (14672.68)	2208.20 (2677.74)	246.77 (410.27)	27.89 (24.33)	39016.21 (31347.32)	51922.29 (49132.34)
Capital Expenditure	732.64 (4762.70)	10.51 (204.72)	241.01 (3205.14)	19.82 (15.12)	86.85 (93.88)	1090.83 (8281.56)
Depreciation & Amortisation	6206.49 (7034.01)	825.50 (808.89)	3635.90 (3741.92)	69.19 (73.65)	57.30 (62.03)	10794.38 (11720.50)
Non cash expenses other than Depreciation & Amortisation	730.23 (298.77)	6.65 (1.58)	1.06 (88.96)	- (-)	1043.30 (172.77)	1781.24 (562.08)

Notes :

- Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.
- Unallocable expenses are net of unallocable income Rs.130.19 lacs (Previous year Rs.350.35 lacs).
- Inter Segment Sales include Excise Duty & Cess Rs.586.72 lacs (Previous year Rs.1457.93 lacs).
- Figure in brackets pertain to previous year.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

d) Information about Secondary Geographical Segments :

- The information about secondary segments has not been furnished as the export revenue is less than 10% of the total revenue of the Company.
- The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Therefore, the value of fixed assets and additions thereto can not be allocated to the geographical segments. Hence, the total carrying amount of segment assets and cost incurred during the year to acquire segment assets has not been given in respect of secondary segments.

29. Related party disclosures as per Accounting Standard - 18 are given below:

a) Name of the related parties and description of relationship :

- Subsidiaries :**
(Control exists) Indo Gulf Industries Ltd.
Balrampur Overseas Pvt. Ltd.
- Associates :**
(Where the Company exercises significant influence) Avantika Ganna Pvt. Ltd. (Till 20.12.2008)
Asia Sugar Industries Pvt. Ltd. (Till 02.07.2009)
- Key Managerial Personnel (KMP):**
Mr. Vivek Saraogi - Managing Director
Mrs. Meenakshi Saraogi - Joint Managing Director
Mr. K.N. Ranasaria - Whole-time Director (upto 11.05.2009)
Mr. Kishor Shah - Director-cum-Chief Financial Officer
Mr. R.N. Mishra - Whole-time Director (upto 31.07.2008)
Dr. Arvind Krishna Saxena - Whole-time Director (from 01.08.2008)

iv) Relatives of Key Managerial Personnel :

Mr. Vivek Saraogi

- Mr. K.N.Saraogi (Father) - Chairman Emeritus
- Mrs. Meenakshi Saraogi (Mother)
- Mrs. Sumedha Saraogi (Wife)
- Mr. Karan Saraogi (Son)
- Miss Avantika Saraogi (Daughter)
- Mrs. Satyawati Saraogi (Grand-Mother)
- Mrs. Stuti Dhanuka (Sister)

Mrs. Meenakshi Saraogi

- Mr. K.N. Saraogi (Husband)
- Mr. Vivek Saraogi (Son)
- Mrs. Stuti Dhanuka (Daughter)
- Mrs. Sumedha Saraogi (Daughter-in-Law)
- Mr. Karan Saraogi (Grand-Son)
- Mrs. Satyawati Saraogi (Mother-in-Law)
- Miss Avantika Saraogi (Grand-Daughter)

v) Enterprises in which KMP and their relatives have substantial interest :

- Kamal Nayan & Co.
- Meenakshi Mercantiles Ltd.
- Udaipur Cotton Mills Co. Ltd.
- Kamal Nayan Saraogi (HUF)
- Vivek Saraogi (HUF)

b) Transactions with Related parties :

(Rupees in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Purchase of Raw Materials						
Kamal Nayan & Co.	-	-	-	-	-	-
	(-)	(-)	(0.67)	(-)	(-)	(0.67)
Indo Gulf Industries Ltd.	63.00	-	-	-	-	63.00
	(272.61)	(-)	(-)	(-)	(-)	(272.61)
ii) Purchase of Molasses						
Indo Gulf Industries Ltd.	108.51	-	-	-	-	108.51
	(-)	(-)	(-)	(-)	(-)	(-)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iii) Purchase of Store & Other Materials						
Indo Gulf Industries Ltd.	7.95	-	-	-	-	7.95
	(17.04)	(-)	(-)	(-)	(-)	(17.04)
iv) Purchase of Fixed Assets						
Indo Gulf Industries Ltd.	-	-	-	-	-	-
	(0.36)	(-)	(-)	(-)	(-)	(0.36)
v) Sale of Raw Materials						
Indo Gulf Industries Ltd.	6.55	-	-	-	-	6.55
	(10.29)	(-)	(-)	(-)	(-)	(10.29)
vi) Sale of Store & Other Materials						
Indo Gulf Industries Ltd.	9.18	-	-	-	-	9.18
	(23.93)	(-)	(-)	(-)	(-)	(23.93)
vii) Sale of Fixed Assets						
Indo Gulf Industries Ltd.	-	-	-	-	-	-
	(6.00)	(-)	(-)	(-)	(-)	(6.00)
viii) Reimbursement of Expenses						
Indo Gulf Industries Ltd.	14.83	-	-	-	-	14.83
	(64.83)	(-)	(-)	(-)	(-)	(64.83)
ix) Recovery of Expenses						
Indo Gulf Industries Ltd.	16.09	-	-	-	-	16.09
	(389.06)	(-)	(-)	(-)	(-)	(389.06)
x) Inter-Corporate Loan Given						
Indo Gulf Industries Ltd.	4182.34	-	-	-	-	4182.34
	(5240.23)	(-)	(-)	(-)	(-)	(5240.23)
xi) Investments made during the year in						
Balrampur Overseas Pvt. Ltd.	-	-	-	-	-	-
	(102.42)	(-)	(-)	(-)	(-)	(102.42)
Asia Sugar Industries Pvt. Ltd.	-	-	-	-	-	-
	(-)	(100.00)	(-)	(-)	(-)	(100.00)
xii) Investments sold during the year to						
Meenakshi Mercantiles Ltd.	-	-	45.81	-	-	45.81
	(-)	(-)	(-)	(-)	(-)	(-)
Udaipur Cotton Mills Co. Ltd.	-	-	15.63	-	-	15.63
	(-)	(-)	(-)	(-)	(-)	(-)
xiii) Interest Income						
Indo Gulf Industries Ltd.	1002.07	-	-	-	-	1002.07
	(1036.82)	(-)	(-)	(-)	(-)	(1036.82)
xiv) Receiving of Services						
Mrs. Meenakshi Saraogi	-	-	-	215.92	-	215.92
	(-)	(-)	(-)	(194.47)	(-)	(194.47)
Mr. Vivek Saraogi	-	-	-	198.25	-	198.25
	(-)	(-)	(-)	(190.82)	(-)	(190.82)
Mr. K.N.Ranasaria	-	-	-	24.93	-	24.93
	(-)	(-)	(-)	(33.30)	(-)	(33.30)
Mr. Kishor Shah	-	-	-	66.84	-	66.84
	(-)	(-)	(-)	(64.91)	(-)	(64.91)
Mr. R.N.Mishra	-	-	-	-	-	-
	(-)	(-)	(-)	(6.52)	(-)	(6.52)
Dr. Arvind Krishna Saxena	-	-	-	11.06	-	11.06
	(-)	(-)	(-)	(1.55)	(-)	(1.55)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
xv) Dividend Paid to Shareholders						
Mr. K.N.Saraogi	- (-)	- (-)	- (-)	- (-)	134.89 (-)	134.89 (-)
Mrs. Meenakshi Saraogi	- (-)	- (-)	- (-)	69.22 (-)	- (-)	69.22 (-)
Mr. Vivek Saraogi	- (-)	- (-)	- (-)	43.78 (-)	- (-)	43.78 (-)
Mr. K.N.Ranasaria	- (-)	- (-)	- (-)	0.96 (-)	- (-)	0.96 (-)
Mr. Kishor Shah	- (-)	- (-)	- (-)	0.03 (-)	- (-)	0.03 (-)
Mrs. Sumedha Saraogi	- (-)	- (-)	- (-)	- (-)	49.00 (-)	49.00 (-)
Mr. Karan Saraogi	- (-)	- (-)	- (-)	- (-)	19.73 (-)	19.73 (-)
Miss Avantika Saraogi	- (-)	- (-)	- (-)	- (-)	18.73 (-)	18.73 (-)
Mrs. Stuti Dhanuka	- (-)	- (-)	- (-)	- (-)	25.06 (-)	25.06 (-)
Meenakshi Mercantiles Ltd.	- (-)	- (-)	32.80 (-)	- (-)	- (-)	32.80 (-)
Udaipur Cotton Mills Co. Ltd.	- (-)	- (-)	37.38 (-)	- (-)	- (-)	37.38 (-)
Kamal Nayan Saraogi (HUF)	- (-)	- (-)	39.31 (-)	- (-)	- (-)	39.31 (-)
Vivek Saraogi (HUF)	- (-)	- (-)	0.85 (-)	- (-)	- (-)	0.85 (-)
xvi) Finance (Contribution towards Equity Shares and convertible Warrants in cash)						
Mr. K.N.Saraogi	- (-)	- (-)	- (-)	- (-)	- (2553.00)	- (2553.00)
Mrs. Meenakshi Saraogi	- (-)	- (-)	- (-)	- (883.20)	- (-)	- (883.20)
Mrs. Satyawati Saraogi	- (-)	- (-)	- (-)	- (-)	- (204.70)	- (204.70)
Mr. Karan Saraogi	- (-)	- (-)	- (-)	- (-)	- (350.70)	- (350.70)
Miss Avantika Saraogi	- (-)	- (-)	- (-)	- (-)	- (166.70)	- (166.70)
Meenakshi Mercantiles Ltd.	- (-)	- (-)	- (1438.33)	- (-)	- (-)	- (1438.33)
Udaipur Cotton Mills Co. Ltd.	- (-)	- (-)	- (2039.37)	- (-)	- (-)	- (2039.37)
xvii) Guarantees (By Key Managerial Personnel provided for loans obtained by the Company)						
Mr. Vivek Saraogi	- (-)	- (-)	- (-)	- (14643.00)	- (-)	- (14643.00)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
xviii) Corporate Guarantee (Provided by the Company for loans obtained by the Subsidiary)						
Indo Gulf Industries Ltd.	- (3550.00)	- (-)	- (-)	- (-)	- (-)	- (3550.00)
xix) Balance Outstanding						
a) Accounts payable						
Mrs. Meenakshi Saraogi	- (-)	- (-)	- (-)	90.00 (90.00)	- (-)	90.00 (90.00)
Mr. Vivek Saraogi	- (-)	- (-)	- (-)	90.00 (90.00)	- (-)	90.00 (90.00)
Mr. K.N.Ranasaria	- (-)	- (-)	- (-)	- (2.40)	- (-)	- (2.40)
Mr.Kishor Shah	- (-)	- (-)	- (-)	30.00 (30.00)	- (-)	30.00 (30.00)
b) Inter Corporate Loan receivable						
Indo Gulf Industries Ltd. @	7500.00 (7500.00)	- (-)	- (-)	- (-)	- (-)	7500.00 (7500.00)
c) Amount outstanding against Guarantees provided by						
Mr. K.N.Saraogi	- (-)	- (-)	- (-)	- (-)	15933.76 (18620.08)	15933.76 (18620.08)
Mrs. Meenakshi Saraogi	- (-)	- (-)	- (-)	15933.76 (18620.08)	- (-)	15933.76 (18620.08)
Mr. Vivek Saraogi	- (-)	- (-)	- (-)	30890.26 (54113.90)	- (-)	30890.26 (54113.90)
d) Amount outstanding against Corporate Guarantee (Provided by the Company for loans obtained by the subsidiary)						
Indo Gulf Industries Ltd.	1545.46 (2661.15)	- (-)	- (-)	- (-)	- (-)	1545.46 (2661.15)

@ Maximum amount outstanding during the year Rs.9950.00 lacs (Previous year Rs.10194.45 lacs).

- The transactions with related parties have been entered at an amount which are not materially different from that on normal commercial terms.
- No amount has been written back / written off during the year in respect of due to / from related parties.
- The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.
- Figure in brackets pertain to previous year.

30. Disclosure under clause 32 of the Listing Agreement:

There are no transactions (other than loan transactions with subsidiaries as given in para 29 (b) (xix) (b) above) which are required to be disclosed under Clause 32 of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed.

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

31. Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of Part – II of Schedule VI to the Companies Act, 1956:

A. Quantitative Information :

i) Licensed Capacity		
Sugar	Not applicable	Not applicable
Distillery	320 KLPD	320 KLPD
Organic Manure	Not applicable	Not applicable
Co-Generation	Not applicable	Not applicable
ii) Installed Capacity (As certified by the Management)		
Sugar	73500 TCD	73500 TCD
Distillery	320 KLPD	320 KLPD
Organic Manure	58000 M.T.	58000 M.T.
Co-Generation	179.85 M.W.	179.85 M.W.

iii) Particulars of Goods Manufactured

Class of Goods	Unit	Production	Sales	
		Quantity	Quantity	Amount (Rs. in Lacs)
a) Sugar	Qtls.	4414989 (8184902)	^ 6647059 (7419774)	148741.81 (117691.00)
b) Molasses	Qtls.	2373926 (3994250)	# 2578937 (4341993)	1909.14 (1176.54)
c) Industrial Alcohol	B.L.	48271967 (91088540)	* 50661405 (86941105)	13472.54 (18626.18)
d) Power	KW.	495754364 (790688367)	\$ 493166752 (787509312)	12477.72 (17393.55)
e) Organic Manure	M.T.	27129 (34192)	& 33714 (31006)	251.18 (147.81)
f) Bagasse	Qtls.	16293486 (26141213)	§ 16750723 (26851055)	130.01 (27.32)
g) Miscellaneous				119.38 (187.81)
Total				177101.78 (155250.21)

	Unit	2008-09	2007-08
		Quantity	Quantity
^ Includes process/storage loss	Qtls.	5602	1619
# Includes			
auto combustion/storage loss	Qtls.	35261	77441
inter unit transfers taken at nil value	Qtls.	2119461	3787241
* Includes			
storage loss	B.L.	858693	796011
captive consumption taken at nil value	B.L.	10600	19400
\$ Includes			
captive consumption	KW.	47277104	85806632
transmission loss	KW.	4412083	6133077
inter unit transfers taken at nil value	KW.	83820025	122034382
& Includes			
process loss/ issued as sample	M.T.	707	7459
storage loss	Qtls.	20450	-
§ Includes			
captive consumption	Qtls.	5418556	9404195
inter unit transfers taken at nil value	Qtls.	10715140	17334577

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

iv) Class of Goods	Unit	Opening Stock		Closing Stock	
		Quantity	Amount (Rs. in Lacs)	Quantity	Amount (Rs. in Lacs)
a) Sugar	Qtls.	3161592 (2396464)	47191.39 (34421.68)	929522 (3161592)	19222.45 (47191.39)
b) Molasses	Qtls.	488736 (836479)	961.69 (893.36)	283725 (488736)	696.40 (961.69)
c) Industrial Alcohol	B.L.	6765762 (2618327)	806.94 (307.35)	4376324 (6765762)	733.11 (806.94)
d) Banked Power	KW.	4942175 (1763120)	56.35 (26.18)	7529787 (4942175)	120.94 (56.35)
e) Organic Manure	M.T.	14559 (11373)	48.47 (73.67)	7974 (14559)	50.15 (48.47)
f) Bagasse	Qtls.	1153646 (1863488)	342.21 (509.76)	696409 (1153646)	210.55 (342.21)
Total			49407.05 (36232.00)		21033.60 (49407.05)

B. Raw Materials Consumed

	Unit	Quantity	Amount (Rs. in lacs)
a) Sugar Cane	Qtls.	48322212 (80579371)	73720.18 (97459.68)
b) Molasses	Qtls.	* 2173982 (4014546)	1325.35 (1899.11)
c) Pressmud	M.T.	# 96292 (111414)	23.22 (31.10)
d) Bagasse	Qtls.	@ 11146117 (18013723)	1203.81 (1967.32)
e) Others			65.54 (59.06)
Total			76338.10 (101416.27)

	Unit	2008-09 Quantity	2007-08 Quantity
* Includes consumed out of inter unit transfers taken at nil value	Qtls.	2119461	3787241
# Includes consumed out of inter unit transfers taken at nil value.	M.T.	96292	111414
@ Includes consumed out of inter unit transfers taken at nil value.	Qtls.	10715140	17334577

C. Consumption Of Raw Materials

	Percentage	Amount (Rs. in lacs)
Imported	- (-)	- (-)
Indigenous	100.00 (100.00)	76338.10 (101416.27)
	100.00 (100.00)	76338.10 (101416.27)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

D. Consumption of Stores & Spare Parts

	Percentage	Amount (Rs. in lacs)
Imported	0.41 (0.01)	12.90 (0.63)
Indigenous	99.59 (99.99)	3101.38 (6549.71)
	100.00 (100.00)	3114.28 (6550.34)

E. Expenditure in Foreign Currency

	Amount (Rs. in lacs)
On Professional & Consultancy Expenses	4.79 (4.20)
On Travelling	50.07 (34.56)
On Interest	2886.87 (3441.25)
On Others	9.72 (12.35)

F. Earnings in Foreign Exchange

	Amount (Rs. in lacs)
FOB Value of Exports	
Direct	768.75 (281.98)
Through Export House	- (1251.50)

G. Value of Import on C.I.F. Basis

	Amount (Rs. in lacs)
Raw Materials	8076.28 (-)
Capital Goods	- (738.17)

Note : Figure in brackets pertain to previous year.

32. Dividend remitted in foreign currency :

The Company has not remitted any amount in foreign currency on account of dividend. The particulars of dividend payable to non-resident shareholders are as under :

	2008-09	2007-08
i) Year to which Dividend relates	30/09/08	-
ii) Number of non-resident shareholders	1101	-
iii) Number of Ordinary Shares held by them	39351625	-
iv) Gross amount of Dividend (Rs. in Lacs)	196.76	-

SCHEDULES FORMING PART OF THE ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

33. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L15421WB1975PLC030118							State Code :	2	1
Balance Sheet Date	3	0	0	9	2	0	0	9		
	Date	Months	Year							

II. Capital Raised during the year (Amount Rs. in Thousands)

Public Issue						N	I	L	Right Issue							N	I	L
Bonus Issue						N	I	L	Employee Stock Options				5	4	8	4	4	

III. Position of Mobilisation and Deployment (Amount Rs. in Thousands)

Total Liabilities	2	6	6	6	5	0	4	6	Total Assets	2	6	6	6	5	0	4	6	
Sources of Funds									Reserves and Surplus	1	1	4	9	5	7	7	3	
Paid up Capital			2	5	6	7	5	5	Unsecured Loans							N	I	L
Secured Loans		9	7	2	0	2	8	8	Investments		1	2	6	5	7	1	5	
Deferred Tax Liability		2	6	1	6	3	4	7	Net Current Assets		4	4	7	3	0	0	8	
Application of Funds																		
Net Fixed Assets	1	7	7	6	7	5	4	4										
Deferred Tax Assets			5	7	7	5	6	9										
Misc. Expenditure					5	3	2	7										

IV. Performance of the Company (Amount Rs. in Thousands)

Turnover (incl. Other Income)	1	7	0	6	2	6	9	5	Total Expenditure	1	4	5	6	6	6	2	0
Profit/(Loss) before Tax		2	4	9	6	0	7	5	Profit/(Loss) after Tax		2	2	6	5	0	5	9
Basic Earning Per Share					8	.	8	6	Dividend Rate (%)						3	0	0

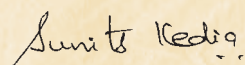
V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Product Description	SUGAR						
Item Code No. (ITC Code)	1	7	0	1	1	1	. 9 0
Product Description	INDUSTRIAL ALCOHOL						
Item Code No. (ITC Code)	2	2	0	7	2	0	. 0 0
Product Description	CO-GENERATION						
Item Code No. (ITC Code)				N	.	A	.

34. Previous year's figures have been re-grouped / re-arranged wherever found necessary to make them comparable with those of the current year.

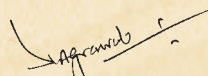
Signatories to all foregoing Schedules '1' to '23' forming part of the Accounts.

For **G. P. Agrawal & Co.**
Chartered Accountants

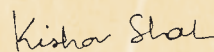


(CA. Sunita Kedia
Membership No. 60162)
Partner

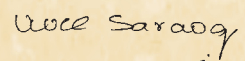
7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.



S. K. Agrawala
Secretary



Kishor Shah
Director cum Chief Financial Officer



Vivek Saraogi
Managing Director

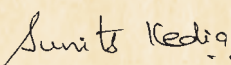
AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of

BALRAMPUR CHINI MILLS LIMITED

1. We have examined the attached Consolidated Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED** its Subsidiaries and Associates as at 30th September, 2009, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These financial statements are the responsibility of the management of the Company and have been prepared by the management on the basis of separate financial statements and other financial information regarding components thereof. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. The financial statements for the year ended 30th September, 2009 of Indo Gulf Industries Limited, the Subsidiary Company whose total assets of Rs.14792.08 lacs and total revenue of Rs.4940.23 lacs and the related Cash Flows have been proportionately consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.
5. The financial statements for the year ended 30th September, 2009 of Balrampur Overseas Private Limited, the wholly owned Subsidiary Company whose total assets of Rs.95.40 lacs and total revenue of Rs.0.16 lac and the related Cash Flows have been fully consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.
6. The financial statements of Avantika Ganna Private Limited and Asia Sugar Industries Private Limited (Associate Companies) in which Company's Share of Profit / (Loss) of Rs.0.03 lac and Rs. (41.68) lacs respectively have been consolidated, have been audited by other auditors for the year ended 31st March, 2009 whose reports have been furnished to us and our opinion, so far it relates to the amount included in respect of the Associate Companies, is based solely on the reports of the other auditors.
7. We report that the Consolidated Financial Statements have been prepared by the management of Balrampur Chini Mills Limited in accordance with Accounting Standard- 21, "Consolidated Financial Statements" and Accounting Standard- 23, "Accounting for Investment in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standard) Rules, 2006 on the basis of separate audited financial statements of Balrampur Chini Mills Limited, its Subsidiaries and Associates.
8. Attention is drawn to the following in respect of one of the Subsidiary Company namely Indo Gulf Industries Limited:
 - i) Note No . 30 (i) (c) in Schedule '23' of the Consolidated Financial Statements regarding erosion of net worth of the Company. However, in view of the factors mentioned there at, the accounts of the subsidiary have been prepared on the presumption of going concern.
 - ii) Note No. 30 (iv) of Schedule '23' regarding non-provision of interest and penalty on statutory liabilities - quantum unascertained.
 - iii) Note No. 30 (vi) of Schedule '23' regarding non-provision of interest on Deferred Sales Tax Liability – quantum unascertained.
9. Subject to the above and on the basis of the information and explanations given to us and based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its Subsidiaries and Associates read together with Significant Accounting Policies and Notes thereon, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Balrampur Chini Mills Limited, its Subsidiaries and Associates as at 30th September, 2009;
 - ii) in the case of the Consolidated Profit & Loss Account, of the consolidated result of operation of Balrampur Chini Mills Limited, its Subsidiaries and Associates for the year ended on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of Balrampur Chini Mills Limited, its Subsidiaries and Associates for the year ended on that date.

For **G. P. Agrawal & Co.**
Chartered Accountants



(**CA. Sunita Kedia**)
Membership No. 60162
Partner

7A, Kiran Shankar Ray Road,
Kolkata – 700 001
25th November, 2009.

CONSOLIDATED BALANCE SHEET As at 30th September, 2009

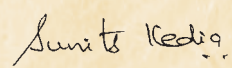
(Rupees in Lacs)

	Schedule	As at 30th September, 2009		As at 30th September, 2008	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	2567.55		2555.36	
b) Reserves & Surplus	2	110814.98	113382.53	96594.21	99149.57
2. Deposit against Convertible Warrants					
			-		920.00
3. Minority Interest					
			-		-
4. Loan Funds					
a) Secured Loans	3	98748.34		127728.77	
b) Unsecured Loans	4	308.38	99056.72	10308.38	138037.15
5. Deferred Tax Liability (Refer Note No. 8 of Schedule - 23)					
			26163.47		24193.68
Total			238602.72		262300.40
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	248886.63		248805.76	
b) Less: Depreciation & Amortisation		66557.89		55157.01	
c) Net Block		182328.74		193648.75	
d) Capital Work-in-Progress		779.55		817.84	
			183108.29		194466.59
2. Investments					
	6		12221.98		160.15
3. Deferred Tax Assets (Refer Note No. 8 of Schedule - 23)					
			5775.69		9934.33
4. Current Assets, Loans & Advances					
a) Inventories	7	35111.64		58412.43	
b) Sundry Debtors	8	1711.28		5167.27	
c) Cash and Bank Balances	9	3416.31		3661.45	
d) Other Current Assets	10	15.83		1.62	
e) Loans and Advances	11	23981.40		16461.86	
		64236.46		83704.63	
Less: Current Liabilities & Provisions					
a) Current Liabilities	12	16219.15		21157.79	
b) Provisions	13	10573.82		4985.61	
		26792.97		26143.40	
Net Current Assets			37443.49		57561.23
5. Miscellaneous Expenditure (To the extent not written off or adjusted)					
	14		53.27		178.10
Total			238602.72		262300.40
Basis of Consolidation and Significant Accounting Policies					
	22				
Consolidated Notes on Accounts					
	23				

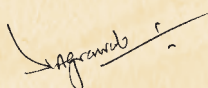
Schedules 1 to 14, 22 & 23 referred to above form an integral part of the Consolidated Balance Sheet.

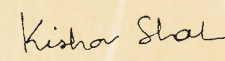
This is the Consolidated Balance Sheet referred to in our report of even date.

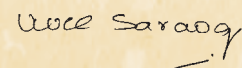
For **G. P. Agrawal & Co.**
Chartered Accountants


(CA. Sunita Kedia
Membership No. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.


S. K. Agrawala
Secretary


Kishor Shah
Director cum
Chief Financial Officer


Vivek Saraogi
Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNT For the year ended 30th September, 2009

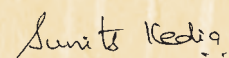
(Rupees in Lacs)

	Schedule	Year ended 30th September, 2009	Year ended 30th September, 2008
I. INCOME			
Gross Turnover			
Sales		182046.06	158155.01
Less: Excise Duty & Cess		7337.07	9060.55
Net Turnover		174708.99	149094.46
Other Income	15	820.19	1518.64
		175529.18	150613.10
II. EXPENDITURE			
Decrease/(Increase) in Stock	16	28186.64	(14203.27)
Cost of Raw Materials Consumed		78217.01	104825.58
Loss from Farm Account	17	5.04	3.74
Salaries, Wages & Other Employees' Benefits	18	9462.33	8641.57
Other Manufacturing & Administrative Expenses	19	13038.85	17242.53
Selling Expenses	20	1067.44	1158.90
Interest & Other Financial Charges (Net)	21	10682.34	10008.09
Depreciation & Amortisation		11596.85	12525.51
Adjustments relating to earlier years (Net) (Refer Note No. 19 of Schedule - 23)		15.75	15.43
		152272.25	140218.08
		23256.93	10395.02
III. PROFIT BEFORE TAX			
Less: Provision for Tax			
Current Tax (Including Wealth Tax Rs.33.00 lacs, Previous year Rs.30.00 lacs)		3449.00	562.00
Fringe Benefit Tax		28.20	65.65
Deferred Tax		6128.43	1934.90
MAT Credit Entitlement		(5904.18)	-
Income Tax for earlier years written back		(1391.09)	2562.55
IV. Profit after Tax but before Adjustment of Minority Interest & Share of Associates		20946.57	7832.47
Profit / (Loss) attributable to Minority Shareholders		-	-
Add/ (Less) : Share of Profit/(Loss) in Associates		(41.65)	1.26
V. Profit after Adjustment of Minority Interest & Share of Associates		20904.92	7833.73
Balance brought forward		(813.15)	(4152.06)
V. PROFIT AVAILABLE FOR APPROPRIATION		20091.77	3681.67
VI. APPROPRIATIONS			
Proposed Dividend on Equity Shares		7702.65	1277.68
Tax on Proposed Dividend		1309.07	217.14
General Reserve		11000.00	3000.00
Balance Carried to Balance Sheet		80.05	(813.15)
		20091.77	3681.67
Earnings per Share (Nominal value per Share Re. 1/-)			
(Refer Note No. 20 of Schedule - 23)			
- Basic (Rs.)		8.18	3.09
- Diluted (Rs.)		8.16	3.09
Number of Shares used in computing Earnings per Share			
- Basic		255623126	253595395
- Diluted		256189222	253785582
Basis of Consolidation and Significant Accounting Policies	22		
Consolidated Notes on Accounts	23		

Schedules 15 to 23 form an integral part of the Consolidated Profit & Loss Account.

This is the Consolidated Profit & Loss Account referred to in our report of even date.

For **G. P. Agrawal & Co.**
Chartered Accountants

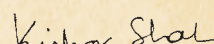


(CA. Sunita Kedia
Membership No. 60162)
Partner

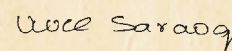
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25th November, 2009.



S. K. Agrawala
Secretary



Kishor Shah
Director cum
Chief Financial Officer



Vivek Saraogi
Managing Director

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30th September, 2009

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
Net Profit before Tax, Adjustment of Minority Interest and Share of Associates		23256.93		10395.02
<i>Adjustments to reconcile Net Profit before Tax, Adjustment of Minority Interest and Share of Associates to Cash Flow provided by Operating Activities :</i>				
Depreciation & Amortisation	11596.85		12525.51	
Interest	10720.13		10008.09	
Provision for Doubtful Debts / Advances	6.00		310.30	
Provision for Retirement Benefits of Employees	6.34		2.25	
Provision for fall in value of Investments/Doubtful Advances / Old and unreconciled Bank Balances written back	(147.70)		–	
Dividend	–		(154.20)	
Unspent Liabilities / Balances written back	(149.80)		(201.90)	
Sundry Debit Balances / Advances written off	109.59		59.72	
Provision for Diminution in value of Investments	1.47		–	
Investments written off	98.09		–	
Profit on Sale of Fixed Assets	(36.27)		(5.36)	
Loss on Sale/discard of Fixed Assets	683.44		92.51	
Profit / Loss on Sale of Investments	(79.46)		0.02	
Unrealised Exchange Rate Fluctuation - Gain	–		(122.50)	
Unrealised Exchange Rate Fluctuation - Loss	14.77		504.00	
Employee Stock Option Expense	891.11		168.77	
Share Issue Expenses written off	124.83		143.09	
Storage Fund for Molasses written back	–		(64.11)	
Transfer to Storage Fund for Molasses	18.28	23857.67	30.35	23296.54
Operating Profit before Working Capital changes		47114.60		33691.56
<i>Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :</i>				
Trade Debtors & Other Receivables	4517.31		140.22	
Inventories	23300.79		(14313.07)	
Trade Payables and Other Liabilities	(4555.36)	23262.74	(14118.25)	(28291.10)
Cash Generated from Operations		70377.34		5400.46
Direct Taxes Paid /Refund Received		(4017.30)		(1282.15)
Cash Flow before Extraordinary Items		66360.04		4118.31
Extraordinary Items		–		–
Net Cash Generated / Used ~ Operating Activities		66360.04		4118.31
Additions to Fixed Assets (Including Intangibles)	(1167.54)		(8432.76)	
Sale of Fixed Assets	281.82		148.53	
Purchase of Investments	–		(56761.84)	
Sale of Investments	–		56759.33	
Sale/ Purchase of Shares of Associates	136.44		(100.00)	
Purchase of Post Office National Saving Certificates	(2.69)		–	
Sale of NPC & Post Office National Saving Certificates	1.36		–	
Fixed Deposits made with Banks	(586.82)		–	
Fixed Deposits redeemed from Banks	593.15		29.31	
Loan Given to a Company	(12050.00)		(2500.00)	
Loan Received back from the Company	9300.00		2500.00	
Dividend Received	–		154.20	
Interest Received on Fixed Deposits / Loan / Govt. Securities	103.64		44.44	
Net Cash Generated / Used ~ Investing Activities		(3390.64)		(8158.79)

CONSOLIDATED CASH FLOW STATEMENT (Contd...)

(Rupees in Lacs)

	Year ended 30th September, 2009	Year ended 30th September, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Equity Shares /Exercise of Stock Options	548.44	6776.90
Deposit against Convertible Warrants	-	920.00
Proceeds from Long Term Borrowings	5570.23	15577.40
Repayment of Long Term Borrowings	(10468.53)	(8739.35)
Repayment/Proceeds from Other Borrowings (Net)	(34105.74)	1908.93
Interest Paid	(11060.34)	(10511.37)
Dividend Paid including Tax thereon	(1494.82)	-
Net Cash Generated / Used ~ Financing Activities	(51010.76)	5932.51
D. FOREIGN CURRENCY TRANSLATION RESERVE	2.81	16.14
Net Increase in Cash & Cash Equivalents (A+B+C+D)	11961.45	1908.17
Opening Cash & Cash Equivalents	3426.67	1518.50
Closing Cash & Cash Equivalents	15388.12	3426.67

Notes :

- The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Accounting Standard - 3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.
- Interest paid is exclusive of, and Purchase of Fixed Assets is inclusive of, interest capitalised Nil (Previous year Rs.382.63 lacs).
- Additions to Fixed Assets include movement of Capital Work-in-Progress during the year.
- Consideration for Sale and Purchase of Shares of Associates fully discharged by means of Cash.
- Repayment / Proceeds from Other Borrowings have been shown on net basis.
- Current Investments carry insignificant risk and are readily convertible into known amount of Cash, hence considered as part of Cash & Cash Equivalents.
- Cash & Cash Equivalents do not include any amount which is not available to the Company for its use.
- Cash & Cash Equivalents at the end of the year consists of:

(Rupees in Lacs)

	As at 30th September, 2009	As at 30th September, 2008
a) Cash on hand	138.04	242.38
b) Cheques on hand	637.89	1780.24
c) Balance with Banks on Current Accounts	2410.24	1403.59
d) Balance with Post Office on Savings Bank Account	0.46	0.46
e) Current Investments (In Liquid Schemes of Mutual Funds)	12201.49	-
	15388.12	3426.67

- Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the equivalent items as reported in the Balance Sheet :

(Rupees in Lacs)

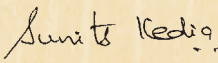
	As at 30th September, 2009	As at 30th September, 2008
Cash & Cash Equivalents as per Cash Flow Statement	15388.12	3426.67
Add : Fixed Deposits classified as Investing Activities	132.69	139.02
Add : Bank Balance in Unclaimed Dividend Accounts not considered as an item of Cash & Cash Equivalents in Cash Flow Statement	96.99	95.76
Less : Current Investments classified as Cash Equivalents	12201.49	-
Cash and Bank Balance as reported in Balance Sheet	3416.31	3661.45

- Figure in brackets represent cash outflow from respective activities.


- Previous year's figures have been regrouped / rearranged where ever found necessary to make them comparable with those of the current year.

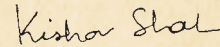
This is the Consolidated Cash Flow Statement referred to in our report of even date.

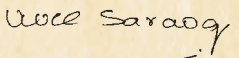
For **G. P. Agrawal & Co.**
Chartered Accountants


(CA. Sunita Kedia
Membership No. 60162)
Partner

7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.


S. K. Agrawala
Secretary


Kishor Shah
Director cum
Chief Financial Officer


Vivek Saraogi
Managing Director

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
1 SHARE CAPITAL				
Authorised				
40,00,00,000 Equity Shares of Re.1/- each	4000.00		4000.00	
25,00,000 Preference Shares of Rs.100/- each	2500.00		2500.00	
		6500.00		6500.00
Issued, Subscribed and Paid up				
25,67,55,060 (Previous year 25,55,36,310) Equity Shares of Re. 1/- each fully paid up (Refer Note No. 9 of Schedule - 23)		2567.55		2555.36
		2567.55		2555.36

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
2 RESERVES & SURPLUS				
Capital Reserves				
Balance as per last account	86.42		86.42	
Add : Forfeiture of Deposit against Convertible Warrants (Refer Note No. 10 of Schedule - 23)	920.00	1006.42	-	86.42
Capital Reserves (Arising on Consolidation)				
Balance as per last account	11.57		11.57	
Less : Eliminated on cessation of Associate	11.57	-	-	11.57
Capital Redemption Reserve				
Balance as per last account		2500.00		2500.00
Securities Premium				
Balance as per last account	48758.96		42050.56	
Add: On Preferential issue of Equity Shares	-		6708.40	
Add: On Exercise of Employees Stock Option	1052.85	49811.81	-	48758.96
Revaluation Reserve				
Balance as per last account		18.24		18.24
Employees Stock Option Adjustment Account				
Balance as per last account	196.18		32.72	
Add: Transfer from Profit & Loss Account on grant of Employee Stock Option/ Revision in Exercise Price	1192.22		184.67	
	1388.40		217.39	
Less: Utilised/Transfer back to Profit & Loss Account	547.58		21.21	
Less: Deferred Employee Compensation Expenses (Refer Note No. 11 of Schedule - 23)	270.13	570.69	-	196.18
General Reserve				
Balance as per last account	45770.31		42797.96	
Add: Transfer from Profit & Loss Account	11000.00		3000.00	
	56770.31		45797.96	
Less: Adjustment as per transitional provisions of AS - 15	-		27.65	
Less : Eliminated on cessation of Associates	29.31	56741.00	-	45770.31
Profit And Loss Account				
Surplus as per Profit & Loss Account		80.05		(813.15)
Storage Fund For Molasses				
Balance as per last account	49.54		83.30	
Add: Transfer from Profit & Loss Account	18.28		30.35	
	67.82		113.65	
Less: Transfer back to Profit & Loss Account (Refer Note No. 12 (a) of Schedule - 23)	-	67.82	64.11	49.54
Foreign Currency Translation Reserve				
Balance as per last account	16.14		-	
Add: Translation difference	2.81	18.95	16.14	16.14
		110814.98		96594.21

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009	As at 30th September, 2008
3 SECURED LOANS		
A. TERM LOANS		
i. Rupee Loans		
a) State Bank of India (SBI)	633.84	1875.00
b) State Bank of India (SBI) (Interest Free)	11873.00	11873.00
c) Punjab National Bank (PNB) (Interest Free)	510.00	510.00
d) Government of India, Sugar Development Fund (SDF)	12355.86	7638.52
e) Government of India (GOI) (Interest Free)	80.25	120.38
ii. External Commercial Borrowings (ECB)		
a) State Bank of India (SBI)	17251.11	19560.87
b) UCO Bank (UCO)	4120.50	4120.50
c) ABN Amro Bank, NV (ABN)	8056.15	9083.44
d) CITI Bank (CITI)	4420.00	4420.00
e) BNP Paribas (BNP)	2327.50	4655.00
f) Standard Chartered Bank (SCB)	4372.00	4372.00
g) DBS Bank Ltd. (DBS)	6651.00	6651.00
h) Cooperatieve Centrale Raiffeisen- Boerenleenbank, B.A. (CCRB)	8928.16	8928.16
i) International Finance Corporation, Washington (IFC)	15853.51	18499.70
Total (A)	97432.88	102307.57
B. CASH CREDIT ACCOUNT		
a) State Bank of India (SBI)	1315.46	24084.86
b) Punjab National Bank (PNB)	–	1336.34
Total (B)	1315.46	25421.20
Total (A+B)	98748.34	127728.77
Summary of Secured Loans		
Loans from Banks	70458.72	101470.17
Loans from Others	28289.62	26258.60
	98748.34	127728.77
Interest Accrued & Due Included in Above		
Under loans from Banks	8.84	–

Notes :

- Rupee Term loan from SBI is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Akbarpur and also guaranteed by the Managing Director of the Company (due within a year Rs.633.84 lacs, Previous year Rs.1250.00 lacs).
- Interest Free Rupee Term Loan from SBI amounting to Rs.11643.00 lacs is secured by way of residual charge on immovable properties, both present and future, pertaining to Company's sugar units and by way of hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with PNB and by way of residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company and also guaranteed by the Managing Director of the Company (due within a year Rs.3880.00 lacs, Previous year Nil).
 - Interest Free Term Loan from SBI amounting to Rs.230.00 lacs is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Maizapur and by way of Corporate Guarantee of the Holding Company and to be further secured by way of residual charge on immovable properties of Maizapur Unit (due within a year Rs.28.74 lacs, Previous year Nil).
- Interest Free Rupee Term Loan from PNB is secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI (due within a year Rs.154.00 lacs, Previous year Nil).
- Rupee Term Loans from SDF are secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Tulsipur sugar and cogeneration units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon (due within a year Rs.1010.55 lacs, Previous year Rs.852.89 lacs).

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

5. Interest Free Rupee Term Loan from GOI is secured by way of equitable mortgage on immovable properties and hypothecation of movable properties, both present and future, pertaining to Company's sugar unit at Babhnan, subject to charge on current assets (including book debts) created in favour of SBI to secure the working capital limits and also guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.40.13 lacs, Previous year Rs.40.13 lacs).
6. a) ECB from SBI amounting to Rs.3464.61 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Akbarpur (due within a year Rs.2309.76 lacs, Previous year Rs.2309.76 lacs).
b) ECB from SBI amounting to Rs.13786.50 lacs is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Nil, Previous year Nil).
7. ECB from CCRB, BNP and UCO are secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Rs.2327.50 lacs, Previous year Rs.2327.50 lacs).
8. ECBs from ABN are secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Mankapur (due within a year Rs.1027.29 lacs, Previous year Rs.1027.29 lacs).
9. ECB from CITI is secured by way of first pari passu hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and cogeneration units at Kumbhi and Gularia (due within a year Nil, Previous year Nil).
10. ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's cogeneration unit at Balrampur (due within a year Nil, Previous year Nil).
11. ECB from DBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur (due within a year Nil, Previous year Nil).
12. a) ECB from IFC amounting to Rs.699.90 lacs is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and cogeneration units at Haidergarh, first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's distillery and organic manure units at Babhnan and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.699.90 lacs, Previous year Rs.1399.80 lacs).
b) ECB from IFC amounting to Rs.15153.61 lacs is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and cogeneration units at Haidergarh and Rauzagaon and further guaranteed by some of the Directors and an erstwhile Director of the Company (due within a year Rs.2524.78 lacs, Previous year Rs.1261.54 lacs).
13. Cash Credit with SBI (except that pertaining to Maizapur Sugar Unit) is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of Balrampur sugar unit of the Company (excluding current assets of cogeneration & distillery units) on pari passu basis with PNB and hypothecation of entire stock of sugar, sugar in process, mill stores bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company (excluding current assets of cogeneration & distillery units) and further secured by way of 3rd charge on fixed assets of the sugar units of the Company and also guaranteed by the Managing Director of the Company.
14. Cash Credit with SBI amounting to Rs.1315.46 lacs pertaining to Maizapur Sugar Unit is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of Maizapur Sugar Unit and by way of Corporate Guarantee of the Holding Company and to be further secured by way of first charge on entire fixed assets of Maizapur Sugar unit.
15. Cash Credit with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur (excluding current assets of cogeneration & distillery units) ranking pari passu with SBI.
16. Aggregate amount of Term Loans payable within a year Rs.14636.49 lacs (Previous year Rs.10468.91 lacs). *(Rupees in Lacs)*

		As at 30th September, 2009	As at 30th September, 2008
4	UNSECURED LOANS		
	Short Term Loan		
	From a Bank	-	10000.00
	Other Than Short Term Loan		
	Deferred Sales Tax	308.38	308.38
		308.38	10308.38
	Note: Aggregate amount of Loan payable within a year (Rs. in lacs)	-	10000.00

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

5 FIXED ASSETS		GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK			
Sl. No.	Particulars	As at 01.10.2008	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Total As at 30.09.2009	Up to 30.09.2008	For the year	Deductions/ Adjustments during the year	Total Up to 30.09.2009	As at 30.09.2009	As at 30.09.2008
			year	year	30.09.2009	30.09.2008	year	year	30.09.2009	30.09.2009	30.09.2008
Tangible Assets											
1	Land (Freehold)	7587.23	37.27	832.93	6791.57	—	—	—	—	6791.57	7587.23
2	Land (Lease hold)	435.81	1.20	(36.67)	473.68	19.63	3.87	—	23.50	450.18	416.18
3	Building & Office Premises	47472.68	149.13	(20.13)	47641.94	5385.40	1047.20	0.41	6432.19	41209.75	42087.28
4	Railway Siding	11.13	—	—	11.13	6.67	0.41	—	7.08	4.05	4.46
5	Tube Well & Water Supply	447.10	14.56	(23.84)	485.50	60.78	7.07	(0.88)	68.73	416.77	386.32
6	Plant & Machinery	185954.34	857.80	115.78	186696.36	46292.89	9827.21	58.81	56061.29	130635.07	139661.45
7	Furniture & Other Office Equipments	3013.63	63.90	128.47	2949.06	1486.10	204.99	62.27	1628.82	1320.24	1527.53
8	Motor Vehicles	1974.52	82.73	121.99	1935.26	1144.42	119.68	68.93	1195.17	740.09	830.10
Intangible Assets											
9	Goodwill On Consolidation	1904.74	—	7.19	1897.55	760.46	385.26	7.19	1138.53	759.02	1144.28
10	Computer Software (Acquired)	4.58	—	—	4.58	0.66	1.92	—	2.58	2.00	3.92
	Total	248805.76	1206.59	1125.72	248886.63	55157.01	11597.61	196.73	66557.89	182328.74	193648.75
	Previous Year Total	208203.64	41029.11	426.99	248805.76	42787.33	12560.99	191.31	55157.01	193648.75	165416.31
11	Capital Work-in-Progress	817.84	563.89	602.18	779.55	—	—	—	—	779.55	817.84
	Capital Work-in-Progress (Previous Year)	33371.52	126.66	32680.34	817.84	—	—	—	—	817.84	33371.52
	Grand Total	249623.60	1770.48	1727.90	249666.18	55157.01	11597.61	196.73	66557.89	183108.29	194466.59
	Previous year Grand Total	241575.16	41155.77	33107.33	249623.60	42787.33	12560.99	191.31	55157.01	194466.59	198787.83

(Rupees in Lacs)

Notes	2008-09	2007-08
1) Depreciation & Amortisation for the year includes		
i) Depreciation for earlier years	17.28	32.52
ii) Depreciation Capitalised	0.77	35.48
iii) Write back of excess Goodwill provided earlier	—	1.83
iv) Goodwill written off	5.75	—
2) Amount of borrowing cost capitalised	—	382.63

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	Face Value Per Share/Units	Number of Shares/Units	As at 30th September, 2009	Number of Shares/Units	As at 30th September, 2008
6 INVESTMENTS					
Long Term Investments (At Cost)					
A. Trade Investments :					
Unquoted, Fully Paid Up :					
Avantika Ganna Pvt. Ltd. (Sold during the year) (Including Capital Reserve Nil, Previous year Rs.11.57 Lacs arising on acquisition of the Associate)	Rs.10	–	–	1,96,600	60.54
Asia Sugar Industries Pvt. Ltd. (Sold 7,50,000 shares during the year and Net of Goodwill on acquisition of Associate Nil, Previous year Rs.7.19 lacs)	Rs.10	250,000	12.43	10,00,000	91.41
Balrampur Sugar Company Consumers Co-operative Society Ltd.	Rs.100	35	0.03	35	0.03
Co-operative Development Union Ltd.	Rs.10	110	0.01	110	0.01
Co-operative Stores Ltd.	Rs.10	1	– *	1	– *
B. Other than Trade :					
In Government Securities :					
(Deposited with Government Authorities)					
National Plan Certificates			–		0.04
Post Office National Saving Certificates			6.50		5.13
Quoted, Fully Paid Up Equity Shares :					
American Paints (India) Ltd.	Rs.10	– \$	–	200,000	20.00 @
Classic Global Security Ltd.	Rs.10	– \$	–	8,400	1.64 @
Damania Capital Markets Ltd.	Rs.10	– \$	–	60,100	18.08 @
Easter India Ltd.	Rs.10	– \$	–	1,000	0.37 @
Eastern Sugar Mills Ltd.	Rs.10	– \$	–	23,000	2.30 @
Inland Printers Ltd.	Rs.10	– \$	–	52,000	31.24 @
KM Capital Ltd.	Rs.10	– \$	–	16,500	2.14 @
Ram Gopal Poly Ltd.	Rs.10	– \$	–	135,300	22.32 @
VLS Finance Ltd.	Rs.10	10,300	38.42	10,300	38.42
Unquoted, Fully Paid Up Equity Shares :					
Fortuna Services Ltd.	Re. 1	48	– *	48	– *
Current Investments (Unquoted), Other than Trade (At lower of Cost and fair value)					
In Units of Mutual Funds (Acquired during the year)					
Birla Sun Life Savings Fund Inst - Growth	Rs.10	2,350,620.70	400.04	–	–
SBI-SHF-Ultra Short Term Fund - Inst. Plan - Growth	Rs.10	100,768,491.08	11801.45	–	–
			12258.88		293.67
Less:					
Provision for Diminution in value of Investments			36.90		133.52
			12221.98		160.15
Aggregate Book Value of Quoted Investments			38.42		136.51
Aggregate Book Value of Unquoted Investments			12220.46		157.16
Aggregate Market Value of Quoted Investments, wherever available			1.52		1.07

* Shown as Nil due to rounding off.

\$ Written off during the year.

@ Market Value not available.

Note: Refer Note No. 13 of Schedule - 23 for Current Investments purchased and redeemed/ switched over during the year.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
7 INVENTORIES (At lower of cost and net realisable value)				
Stores & Spare Parts		4414.48		6001.83
Loose Tools		374.12		388.88
Scrap		33.88		28.51
Raw Materials		8570.32		5.34
Molasses		696.40		967.91
Bagasse		220.53		345.26
Pressmud		1.21		4.28
Finished Goods				
Sugar	19715.97		49631.03	
Industrial Alcohol	733.11		806.94	
Organic Manure	50.15		48.47	
Banked Power	120.94	20620.17	56.35	50542.79
Work- in- Progress				
Sugar	134.88		97.02	
Molasses	4.80		2.69	
Organic Manure	5.60	145.28	13.60	113.31
Standing Crop		35.25		14.32
		35111.64		58412.43
Notes : Stock in transit included in				
i) Stock of Stores & Spare Parts (Rs. in lacs)		36.23		217.85
ii) Stock of Raw Materials (Rs. in lacs)		513.89		-

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
8 SUNDRY DEBTORS (Unsecured)				
Debts outstanding for a period exceeding six months				
Considered Good	405.39		281.15	
Considered Doubtful	83.30	488.69	83.30	364.45
Other Debts - Considered Good		1305.89		4886.12
		1794.58		5250.57
Less : Provision for Doubtful Debts		83.30		83.30
		1711.28		5167.27
Note: Sundry Debtors include Debts under litigation (Rs. in lacs)		45.59		47.44

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
9 CASH AND BANK BALANCES				
Cash and Cheques on hand (As certified)				
Cash on hand	138.04		242.38	
Cheques on hand	637.89	775.93	1780.24	2022.62
Bank Balances :				
With Scheduled Banks				
On Current Accounts	2337.53		1340.04	
Less: Provision for Old and Un-reconciled Balances	115.16		120.51	
	2222.37		1219.53	
On Fixed Deposit Accounts (Refer Note No. 12 of Schedule - 23)	132.69		139.02	
On Unclaimed Dividend Accounts	96.99	2452.05	95.76	1454.31
With Non-Scheduled Banks				
On Current Accounts (Refer Note No. 14 of Schedule - 23)		187.87		184.06
With Post Office *				
On Saving Bank Accounts		0.46		0.46
		3416.31		3661.45
* Maximum amount outstanding at any time during the year (Rs. in lacs)		0.46		0.46

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
10 OTHER CURRENT ASSETS				
Interest Accrued on Investments & Fixed Deposits		15.83		1.62
		15.83		1.62

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
11 LOAN AND ADVANCES (Considered good except stated otherwise)				
Loan				
To a Company		2750.00		–
Advances				
Advances recoverable in cash or in kind or for value to be received or pending adjustment				
Considered Good	10388.36		9705.60	
Considered Doubtful	548.98	10937.34	592.59	10298.19
Advance against Capital Assets		95.57		115.57
Advance Payment of Tax/Income Tax Refundable	9816.68		7425.77	
Less: Provision for Tax	9816.68	–	7425.77	–
MAT Credit Entitlement (Refer Note No. 15 of Schedule – 23)		5904.18		–
Balances with Excise Authorities etc.				
Considered Good	4781.10		6580.26	
Considered Doubtful	29.23	4810.33	29.23	6609.49
Security Deposits				
Considered Good	62.19		60.43	
Considered Doubtful	126.01	188.20	126.01	186.44
		24685.62		17209.69
Less: Provision for Doubtful Advances		548.98		592.59
Less: Provision for Doubtful Excise Duty Advances		29.23		29.23
Less: Provision for Doubtful Deposits		126.01		126.01
		23981.40		16461.86
Note: Loans & Advances include Advances under litigation (Rs. in lacs)		21.78		23.07

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
12 CURRENT LIABILITIES				
Sundry Creditors				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 16 of Schedule - 23)		38.78		42.56
Total outstanding dues of creditors other than Micro and Small Enterprises	12470.47	12509.25	18381.34	18423.90
Advance from Customers		1049.91		–
Investor Education & Protection Fund				
Unclaimed Dividend *		96.99		95.76
Excess Price of Levy Sugar (Refer Note No. 17 of Schedule - 23)		43.15		43.15
Other Liabilities		493.85		352.45
Interest accrued but not due on loans		2026.00		2242.53
		16219.15		21157.79

* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
13 PROVISIONS				
Provision for Tax	10704.69		10246.85	
Less: Advance Payment of Tax / Income Tax Refundable	9816.68	888.01	7425.77	2821.08
Proposed Dividend		7702.65		1277.68
Provision for Tax on Proposed Dividend		1309.07		217.14
Provision for Retirement Benefits of Employees		377.07		370.73
Provision for Contingencies		297.02		298.98
(Refer Note No. 18 (a) of Schedule - 23)				
		10573.82		4985.61

(Rupees in Lacs)

	As at 30th September, 2009		As at 30th September, 2008	
14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Share Issue Expenses	178.10		321.19	
Less : Written off during the year	124.83	53.27	143.09	178.10
		53.27		178.10

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
15 OTHER INCOME				
Dividend on Current Investments (Other than Trade)		18.76		154.20
Insurance Claims		247.36		269.63
Unspent Liabilities / Balances written back		149.80		201.90
Provision for Fall in value of investments/Doubtful				
Advances/Old and unreconciled Bank Balances written back		153.05		-
Profit on Sale of Investments *		137.35		-
Storage Fund For Molasses written back		-		64.11
Profit on sale of Fixed Assets		36.27		5.36
Rent (Gross)		33.96		40.51
Miscellaneous Income (Gross)		43.64		262.06
Export Subsidy		-		115.70
Exchange Rate Fluctuation		-		182.24
Insurance & Storage Charges on Buffer Stock		-		222.93
		820.19		1518.64
Notes: Tax Deducted at Source :				
on Rent (Rs. in lacs)		1.18		1.23
on Miscellaneous Income (Rs. in lacs)		0.03		2.00
		1.21		3.23
* Includes				
Profit on Sale of Long Term Investments in Associates (Trade)		79.46		-
Profit on Sale of Current Investments (Other than Trade)		57.89		-
		137.35		-

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
16 DECREASE / (INCREASE) IN STOCK				
Opening Stock				
Finished Goods	50542.79		35333.05	
Molasses	967.91		893.36	
Bagasse	345.26		513.14	
Pressmud	4.28		11.17	
Work-in-Progress	113.31	51973.55	99.45	36850.17
Closing Stock				
Finished Goods	20620.17		50542.79	
Molasses	696.40		967.91	
Bagasse	220.53		345.26	
Pressmud	1.21		4.28	
Work-in-Progress	145.28	21683.59	113.31	51973.55
		30289.96		(15123.38)
Less/(Add): Excise Duty & Cess on Stock (Refer Note No. 21 of Schedule - 23)		2103.32		(920.11)
		28186.64		(14203.27)

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
17 FARM ACCOUNT				
Sales		21.35		7.49
Rent (Gross)		0.10		0.10
Miscellaneous Receipts		0.25		-
Closing Stock of Standing Crop		35.25		14.32
Net Loss transferred to Profit & Loss Account		5.04		3.74
		61.99		25.65
Opening Stock of Standing Crop		14.32		5.26
Cane Seed Purchase		6.70		3.46
Fertilisers & Manures		5.58		4.32
Salaries & Wages		6.08		5.59
Power & Fuel		2.88		0.66
Rent		3.14		1.00
Irrigation & Cultivation Expenses		15.17		3.31
Repairs - Others		6.97		2.00
Miscellaneous Expenses		1.15		0.05
		61.99		25.65

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
18 SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS				
Salaries, Wages & Bonus etc.		8322.71		7542.48
Contribution to Provident Fund, Gratuity & Other Funds (Including provisions)		887.85		816.00
Workmen & Staff Welfare Expenses		251.77		283.09
		9462.33		8641.57

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
19 OTHER MANUFACTURING & ADMINISTRATIVE EXPENSES				
Consumption of Stores & Spare Parts		3196.79		6834.82
Power & Fuel		434.62		559.53
Filling & Packing Expenses		116.39		198.23
Rent		41.58		45.84
Rates & Taxes		139.24		142.88
Repairs				
Plant & Machinery	3308.67		3556.03	
Buildings	337.90		216.58	
Others	252.63	3899.20	267.36	4039.97
Insurance		418.81		488.31
Payment to Auditors (Refer Note No. 22 of Schedule - 23)		34.48		33.17
Miscellaneous Expenses		2904.06		2995.02
Charity & Donation		96.45		111.74
Directors' fees		6.17		6.81
Managerial Remuneration (Refer Note No. 23 of Schedule - 23)		531.60		532.68
Loss on sale of Current Investments (Other than Trade)		-		0.02
Loss on sale/discard of Fixed Assets		683.44		92.51
Exchange Rate Fluctuation		177.76		497.03
Provision for Doubtful Debts/Advances		6.00		430.81
Provision for Diminution in value of Investments		1.47		-
Investments written off		98.09		-
Sundry Debit Balances / Advances written off		109.59		59.72
Share Issue Expenses written off		124.83		143.09
Transfer to Storage Fund for Molasses		18.28		30.35
		13038.85		17242.53

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
20 SELLING EXPENSES				
Brokerage		505.74		345.24
Despatching & Forwarding Expenses		361.46		451.70
Cash Discount		159.99		217.44
Others		40.25		144.52
		1067.44		1158.90

(Rupees in Lacs)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
21 INTEREST & OTHER FINANCIAL CHARGES				
On Fixed Loans	8436.80		7308.41	
On Other Loans (Including Financial Charges)	2415.85		2793.39	
		10852.65		10101.80
Less:				
Interest Income (Gross) *				
On Long Term Investments (Govt. Securities)	0.29		0.11	
On Loan to Others	67.36		23.40	
On Income Tax Refund	14.68		50.91	
On Fixed Deposits with Banks	50.20		14.65	
On Others (Deposits etc.)	37.78	170.31	4.64	93.71
		10682.34		10008.09
* Tax deducted at Source on Interest (Rs. in lacs)		134.30		2.18

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF CONSOLIDATION :

The Consolidated Financial Statements relate to Balrampur Chini Mills Limited ("the Company"), its Subsidiaries and Associates. The Company and its Subsidiaries constitute the Group.

a) Basis of Accounting:

- The Financial Statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. 30th September, 2009.
- The Financial Statements of the Group have been prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and other Generally Accepted Accounting Principles in India.

b) Principles of Consolidation :

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
- Non-integral Foreign Operations of Foreign Subsidiary :
Revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- The Consolidated Financial Statements include the Share of Profit / Loss of the Associate Companies which has been accounted as per the "Equity Method"; and accordingly the Share of Profit / Loss of the Associate Companies have been added to / deducted from the Carrying Cost of Investments.
An Associate is an enterprise in which the Company has significant influence and which is neither a Subsidiary nor a Joint Venture of the Company.
- The excess of cost to the Company of its Investments in the Subsidiaries and Associates over its Share of Equity of the Subsidiaries and Associates, at the date on which the investments are made, is recognised as "Goodwill" being an asset in the Consolidated Financial Statements. The Goodwill so arising is amortised in 5 years.
- The Minority Interest in the net assets of the Subsidiary (other than 100% wholly owned Subsidiary) on the date of Balance Sheet is nil as the net worth of the Subsidiary has been fully eroded. Accordingly, the Minority Share in the loss up to the date of Investment in the Subsidiary has been adjusted with the Share of Majority and shown as Goodwill. Minority Share of losses subsequent to the date of Investment has also been adjusted with the Share of the Majority.

c) Companies considered in the Consolidated Financial Statements are :

Name of the Company	Country of Incorporation	Percentage of ownership interest as at		Financial year ends on
		30.09.2009	30.09.2008	
Subsidiaries :				
Indo Gulf Industries Ltd.	India	53.96%	53.96%	30th September
Balrampur Overseas Pvt. Ltd.	Hong Kong	100.00%	100.00%	30th September
Associates :				
Avantika Ganna Pvt. Ltd.	India	–	39.34%	31st March
Asia Sugar Industries Pvt. Ltd.	India	–	33.33%	31st March

During the year ended 30th September, 2009, Investment in Avantika Ganna Pvt. Ltd., an Associate, was fully disposed of and accordingly, the Capital Reserve on acquisition and the Profit/Loss in respect of the Company's share in the said Associate from the date of acquisition has been derecognised in the current year in the Consolidated Financial Statements.

Similarly, substantial part of Investment in Asia Sugar Industries Pvt. Ltd., another Associate, was also disposed of during the year. As a result, significant influence in the said Associate ceases to exist. In compliance with the provisions of the applicable Accounting Standard, the use of "Equity Method" for accounting of retained Investments in the said Associate has been discontinued from the date of sale of such Investment and the Carrying Cost of retained Investment has been recomputed accordingly.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

II. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of preparation of Financial Statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. GAAP comprises mandatory Accounting Standards as notified under the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

2. Use of Estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates generally include future obligations under employee retirement benefit plans and income taxes.

3. Fixed Assets, Intangible Assets and Capital Work-in-Progress

- a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988 and Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre operational expenses including finance charges, wherever applicable.
- b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.
- c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital Work-in-Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4. Depreciation and Amortization

- a) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended) other than on Power Transmission lines and Mobile Phones. Power Transmission Lines are amortised/depreciated over a period of five years and Mobile Phones over a period of three years on straight line basis. In case of a Subsidiary namely Indo Gulf Industries Limited. Mobile Phones are depreciated at the rate specified in Schedule XIV to the Companies Act, 1956.
- b) Depreciation/amortization on assets added, sold or discarded during the year has been provided on pro-rata basis.
- c) Lease hold land in the nature of perpetual lease are not amortised. Other lease hold land are amortised over the period of the lease.
- d) Computer Software (Acquired) are amortised over a period of five years. Amortisation is done on straight line basis.

5. Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost for overseas investments comprises of the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Cost includes acquisition charges such as brokerage, fee and duties.

6. Inventories

- a) Inventories (other than By-products, Scrap and Standing crop) are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost incurred in bringing the Inventories to their respective present location and condition. The cost of Inventories is computed on weighted average basis except for a subsidiary namely Indo Gulf Industries Limited where the cost of Inventories is computed on FIFO basis.
- b) Assets identified and technically evaluated as obsolete and held for disposal are valued at their estimated net realisable value.
- c) By-products (Molasses & Bagasse), Scrap and Standing Crop are valued at net realisable value.
- d) Inter-unit transfer of By-products include the cost of transportation, duties, etc.

7. Share Issue Expenses

These are equally amortised over a period of five years.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

8. Revenue Recognition

- a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- b) Gross turnover includes excise duty but excludes Sales Tax / VAT.
- c) Dividend income is accounted for in the year it is declared.
- d) All other income are accounted for on accrual basis.

9. Expenses

All the expenses are accounted for on accrual basis.

10. Government Grants & Subsidies

- a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not related to a specific fixed asset, it is credited to Capital Reserve.
- b) Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

11. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Re-imbursment expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imbursment will be received.

A Contingent Asset is not recognised in the Accounts

12. Impairment of Assets

Impairment losses, if any, are recognised in accordance with the Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006.

13. Foreign Currency Transactions

- a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.
- c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference. The premium or discount on forward exchange contracts is amortised over the period of the respective contract.
- d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Profit & Loss Account.
- e) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit & Loss Account.

14. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue in the period in which they are incurred.

15. Insurance Claims

Accounted for on settlement of claims.

16. Employee Benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.
- b) Long-term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employees have rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Profit & Loss Account.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

22 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

17. Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option (excess of market price of the share over the exercise price of the option) is treated as discount and accounted for as employee compensation cost over the vesting period.

18. Taxes on Income

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred Tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

MAT Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) Credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

23 NOTES ON ACCOUNTS

(Rupees in Lacs)

	As at 30th September, 2009	As at 30th September, 2008
1. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	247.87	258.39
b) Advances paid against above	95.57	116.05
2. Contingent Liabilities not provided for in respect of:		
a) Differential Cane Price for the Sugar Seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble Calcutta High Court	32.93	32.93
b) Differential Cane Price for the Sugar Season 2007-08 pending disposal of the Writ filed by the U.P. Sugar Mills Association of which the Company and its Subsidiary Indo Gulf Industries Ltd. is a member, in Hon'ble Supreme Court of India	9461.04	9461.04
c) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is subjudice	Amount not ascertainable	Amount not ascertainable
d) Claims against the Group not acknowledged as debts :		
i) Excise Duty Demand - under appeal	262.90	228.94
ii) Sales Tax Demand - under appeal	5.12	18.79
iii) Others - under appeal/litigation	861.87	207.37
e) Bank Guarantees furnished (Bank Guarantees are provided under Contractual/Legal obligation)	2884.66	2097.53

3. The Company and its Subsidiary Indo Gulf Industries Ltd. have accounted for Cane Price for the Sugar Season 2006-07 at State Advised Price of Rs.125/- per quintal. Subsequently, the Hon'ble Supreme Court vide its interim order dated 27.02.2008 announced the price of Rs.118/- per quintal. Accordingly, subsequent payment of Cane dues remaining outstanding on the date of the Order were made by the Company @ Rs.118/- per quintal. Pending final decision of the Supreme Court, the impact of differential Cane Price has not been given in the Accounts.

4. There is a pari passu charge by way of hypothecation and equitable mortgage on the fixed assets of Kumbhi and Gularia units of the Company for an amount of Euro 4.50 million equivalent to Rs.2456.61 lacs (Previous year Rs.2456.61 lacs) in favour of BNP Paribas, India for securing various Swap Contracts entered into in connection with hedging in respect of External Commercial Borrowings availed by the Company.

5. During the year, the Company sold its Investment in Equity Shares of following Associate Companies :

Name of the Associate	No. of Shares sold
Avantika Ganna Private Limited	196600
Asia Sugar Industries Private Limited	750000

As a consequence of above, both ceased to be Associates of the Company.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

6. a) Land, Building, Plant & Machinery, Railway Siding, Tubewell and Water Supply Machinery of Balrampur unit were revalued as at 30th June, 1988 on net replacement value as per the report of S.R. Batliboi Consultants Pvt. Ltd. and the cost of respective assets aggregating to Rs.1200.77 lacs was substituted by the revalued amount of Rs.1920.52 lacs and the resultant increase was credited to Revaluation Reserve.
- b) Land, Building and Plant & Machinery of Tulsipur unit were revalued as at 31st March, 1999 on net replacement value as per the report of Lodha & Co. and the cost of the respective assets aggregating to Rs.1023.85 lacs was substituted by the revalued amount of Rs.2944.93 lacs and the resultant increase was credited to Revaluation Reserve in the books of erstwhile Tulsipur Sugar Company Limited.
7. The Board of Directors of the Company in its meeting held on 27th July, 2009, has approved, subject to the approval of its Shareholders and the Board for Industrial & Financial Reconstruction (BIFR), revival proposal of its Subsidiary, Indo Gulf Industries Limited (IGIL) which is based on demerger of Sugar Unit of IGIL and merger of the said Sugar Unit with the Company. The draft Rehabilitation Scheme submitted by State Bank of India (Operating Agency) is under consideration of BIFR.
8. **Details of Deferred Tax Liability and Assets are as below :**

	<i>(Rupees in Lacs)</i>	
	2008-09	2007-08
a) Deferred Tax Liability :		
Depreciation	26163.47	24193.68
	26163.47	24193.68
b) Deferred Tax Assets :		
i) MAT Credit	-	3250.24
ii) Carried Forward Losses	128.11	3596.73
iii) Expenses allowable for tax purposes when paid	5647.58	3087.36
	5775.69	9934.33

Note :

Carried Forward Losses have been recognised as Deferred Tax Assets as per latest Income Tax Assessment Order / Return of Income filed by the Company.

9. Details of Issued, Subscribed and Paid up Equity Share Capital of the Company:

- a) 15,55,39,650 Equity Shares have been issued and allotted as fully paid up Bonus Shares by utilisation of Securities Premium, Capital Redemption Reserve and capitalisation of General Reserve.
- b) 2,37,55,600 Equity Shares have been issued to the members of erstwhile Babhnan Sugar Mills Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.
- c) 21,15,400 Equity Shares have been issued to the members of erstwhile Tulsipur Sugar Company Limited pursuant to the Scheme of Amalgamation as fully paid up without payment received in cash.
- d) Out of 2,27,66,780 Equity Shares of Re. 1/- each offered to the shareholders on Rights basis, issue of 17,270 (Previous year 17,270) Equity Shares has been kept in abeyance as per the direction of Court.
- e) 1,63,52,000 fully paid up Equity Shares of Re.1/- each were allotted in January, 2006 at a price of Rs.135/- per Share, ranking pari passu with the existing Equity Shares, each of which is represented by one Global Depository Receipt (GDR) issued @ US\$ 3.0577 each for an aggregate amount of US\$ 50 million.
10. The Company had issued 1,00,00,000 warrants convertible into equal number of Equity Shares of Re.1/- each at a premium of Rs.91/- per Share to the Promoter Group and received Rs.920.00 lacs being 10% of the value of the warrants during the year 2007-08. As per the terms of issue and allotment of warrants, Promoters/allottees had the option to get the warrants converted into Equity Shares within a period of 18 months from the date of allotment by payment of balance 90% of the issue price. The said period of 18 months expired and the Company did not receive the balance 90% of the issue price. Therefore, 10% of the issue price received initially was forfeited and transferred to Capital Reserve.
11. The Employee Stock Option Scheme (Scheme 2005) of the Company was formulated in the year 2005. Under the said Scheme, Options granted have vesting period of one year and exercise period of maximum eight years. During the year, Options covered by 1st, 2nd, 3rd and 4th Series and which remained outstanding were re-priced. The revised Exercise Price of Rs.45/- was approved by the Shareholders of the Company in the Extra-Ordinary General Meeting held on 25th May, 2009.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

The details of Options granted, lapsed and exercised are as under :

Year of Issue	2005-06	2006-07	2007-08	2008-09	2008-09	Total
Series	1st	2nd	3rd	4th	5th	
Date of grant of Option	31/10/05	27/11/06	27/11/07	25/11/08	28/05/09	
Initial Exercise Price (Rs.)	74.60	104.10	72.20	74.20	45.00	
Revised Exercise Price (Rs.)	45.00	45.00	45.00	45.00	N.A.	
Market Price on the date of grant (Rs.)	81.10	87.65	90.75	35.40	82.35	
Excess of initial Exercise Price over Revised Exercise Price (Rs.)	29.60	59.10	27.20	29.20	N.A.	
Excess of Market Price over Revised Exercise Price (Rs.)	36.10	42.65	45.75	-	N.A.	
Number of Options granted upto 30.09.2008	622500	883000	995500	-	-	2501000
Number of Options exercised upto 30.09.2008	81650	-	-	-	-	81650
Number of Options lapsed upto 30.09.2008	151000	159000	74500	-	-	384500
Number of Options outstanding on 01.10.2008	389850	724000	921000	-	-	2034850
Number of Options granted during the year	-	-	-	1280000	1464500	2744500
Number of Options exercised during the year	278650	454600	485500	-	-	1218750
Number of Options lapsed during the year	11000	48000	64000	68000	18000	209000
Number of Options outstanding on 30.09.2009	100200	221400	371500	1212000	1446500	3351600
Number of Options outstanding on the date of Revised Exercise Price	379350	689000	879000	1234000	-	3181350

12. a) Fixed Deposits with Scheduled Banks include an amount of Rs.86.10 lacs (Previous year Rs.61.05 lacs) specifically earmarked for construction of Molasses Storage Tank.
b) Fixed Deposits pledged with Excise authorities etc. Rs.45.01 lacs (Previous year Rs.45.01 lacs).

13. During the year, the following Current Investments in Liquid Schemes of Mutual Funds were purchased and switched / re-deemed :

Particulars of Investments	Purchased during the year		Switched/re-deemed during the year	
	No. of units	Amount (Rs. in Lacs)	No. of units	Amount (Rs. in Lacs)
Birla Sunlife Cash Plus Institutional - Growth	1643641.982	400.00	1643641.982	400.04
Birla Sunlife Cash Plus Institutional Premium - DDR	15970511.876	1600.17	15970511.876	1600.17
Birla Sunlife Savings Fund Institutional - Growth	9458919.651	1600.17	9458919.651	1606.81
HDFC Cash Management Fund - Savings Plan - DDR	56444953.703	6003.71	56444953.703	6003.71
HDFC Cash Management Fund - Savings Plan - Growth	26708993.935	5009.74	26708993.935	5010.99
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale - Growth	15312096.882	3000.59	15312096.882	3009.74
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - DDR	29782062.510	3002.30	29782062.510	3002.30
ICICI Prudential Flexible Income Plan Premium - DDR	33127736.418	3502.76	33127736.418	3502.76
ICICI Prudential Flexible Income Plan Premium - Growth	27712326.513	4601.77	27712326.513	4606.78
ICICI Prudential Institutional Liquid Plan - Super Institutional - DDR	70040793.151	7004.43	70040793.151	7004.43
ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	34794115.400	4600.00	34794115.400	4601.77
Reliance Floating Rate Fund - DDR	9931781.520	1000.10	9931781.520	1000.10
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth	8245015.637	1800.00	8245015.637	1804.32
Reliance Liquidity Fund - DDR	90026056.080	9005.40	90026056.080	9005.40
Reliance Liquidity Fund - Growth	49735227.899	6723.55	49735227.899	6725.07
Reliance Money Manager Fund - Institutional Option - DDR	449862.880	4503.74	449862.880	4503.74
Reliance Money Manager Fund - Institutional Option - Growth	353890.195	4305.76	353890.195	4323.55
SBI Magnum Insta Cash Fund Cash Option	96990612.271	19400.00	96990612.271	19402.33
SBI-SHF- Ultra Short Term Fund Institutional Plan	82081428.915	8808.08	82081428.915	8810.86
TATA Floating Rate Short Term Institutional Plan - DDR	14980225.653	1500.30	14980225.653	1500.30
TATA Floating Rate Short Term Institutional Plan - Growth	15548361.324	2200.00	15548361.324	2200.25
TATA Treasury Manager SHIP - DDR	148617.775	1501.51	148617.775	1501.51
TATA Treasury Manager SHIP - Growth	364860.476	3701.77	364860.476	3706.81
Total		104775.85		104833.74

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

14. Balance with Non-Scheduled Banks on Current Accounts :

(Rupees in Lacs)

Name of the Bank	Closing Balance as at 30th September		Maximum amount outstanding at any time during the year ended 30th September	
	2009	2008	2009	2008
Aryavart Gramin Bank - Barabanki (Unit: Rauzagaon)	13.94	15.35	39.03	17.24
Aryavart Gramin Bank - Barabanki (Unit:Haidergarh)	0.14	-	50.98	91.78
Aryavart Gramin Bank - Fatehpur	0.49	1.55	11.86	14.01
Aryavart Gramin Bank - Haidergarh	0.17	0.37	0.17	18.69
Baroda Eastern U.P. Gramin Bank - Faizabad	20.24	19.73	30.95	20.13
Baroda Eastern U.P. Gramin Bank - Fatehpur	1.60	0.91	14.95	18.28
Baroda Eastern U.P. Gramin Bank - Raibareli	0.20	-	22.46	-
Baroda Sahkari Kshetriya Gramin Bank-Gan	0.11	-	5.46	-
Devi Patan Gramin Bank - Mankapur	0.28	-	50.81	-
District Co-Operative Bank - Barabanki (Unit: Haidergarh)	0.26	0.25	12.44	15.76
District Co-Operative Bank - Barabanki (Unit:Rauzagaon)	8.30	7.95	13.09	10.97
District Co-Operative Bank - Faizabad	1.86	1.71	2.02	1.82
District Co-Operative Bank - Faizabad (Unit:Akbarpur)	0.08	-	26.30	-
District Co-Operative Bank - Fatehpur (Unit:Haidergarh)	0.20	0.28	2.12	9.99
District Co-Operative Bank - Odraha	9.25	0.09	9.59	0.32
District Co-Operative Bank - Sultanpur	0.40	7.58	113.44	101.85
District Co-Operative Bank- Gola	0.43	0.11	0.50	238.91
District Co-Operative Bank- Khutar	0.10	-	0.14	-
District Co-Operative Bank- Nakha	0.23	0.14	0.41	0.33
District Co-Operative Bank -Neemgaon	0.10	0.41	0.22	47.65
District Co-Operative Bank- Sikardabad	0.08	0.11	0.08	0.20
District Co-Operative Bank-Amirnagar	0.59	-	0.73	0.16
District Co-Operative Bank-Fatehpur (Unit:Kumbhi)	0.38	0.68	0.53	0.81
District Co-Operative Bank-Mohammadipur	0.14	0.11	15.19	30.00
District Co-Operative Bank-Phardhan	-	0.07	0.25	0.28
District Co-Operative Bank-Pipariadhani	0.15	0.11	1.19	36.28
Kashi Gomti Sanyukt Graming Bank -Azamgarh	-	-	3.40	-
Kshetriya Gramin Bank - Akbarpur	0.04	0.27	80.29	38.54
Kshetriya Gramin Bank - Dostpur	0.39	0.98	0.92	5.48
Kshetriya Gramin Bank - Mijhaura	10.48	8.06	114.99	569.59
Kshetriya Gramin Bank - Semri	0.10	0.15	3.77	5.45
Lucknow Khetriya Gramin Bank - Jarwal Kasb	0.34	0.47	6.96	6.96
Purvanchal Gramin Bank - Babhnan	0.14	-	221.06	-
Purvanchal Gramin Bank - Basti	0.06	-	0.47	-
Purvanchal Gramin Bank - Faizabad	7.35	7.18	8.22	9.40
Serve U.P. Gramin Bank - Babhnan	0.14	-	225.42	-
Serve U.P. Gramin Bank - Mankapur	0.11	-	0.43	-
Serve U.P. Gramin Bank- Tulsipur	0.29	3.84	191.04	1167.70
Shahjahanpur Krishak Gramin Bank - Kurai	3.17	0.36	4.46	26.37
Urban Co-Operative Bank	0.10	-	8.63	-
Urban Co-Operative Bank - Mohammdi	0.18	-	12.68	-
Zila Sahkari Bank Ltd. - Parsurampur	0.90	0.94	0.94	22.98
Zila Sahkari Bank Ltd. - Babhnan	0.22	-	56.55	-
Zila Sahkari Bank Ltd. - Lucknow	8.61	7.17	9.29	8.22
Zila Sahkari Bank Ltd. - Sultanpur	0.43	3.37	22.48	4.09
ING Asia Private Bank Ltd. - Singapore	95.10	93.76	95.34	94.45
Total	187.87	184.06		

Note : None of the Directors or their relatives have any interest in any of the Non- Scheduled Banks.

15. The Company has recognised Rs.5904.18 lacs as Minimum Alternate Tax (MAT) Credit Entitlement, the credit of which would be available based on the provisions of Section 115 JAA of the Income Tax, 1961. The Management, based on the future profitability projections and also profit earned during the year, is confident that there would be sufficient taxable profit in future which will enable the Company to utilise the above MAT Credit Entitlement.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

16. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company and its Subsidiary Indo Gulf Industries Ltd. The disclosures relating to Micro and Small Enterprises are as under:

(Rupees in Lacs)

Sl. No.	Description	2008-09	2007-08
i)	The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	3.43	-
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.55	-
iii)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	0.52	-
v)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year *	1.07	-
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	-	-

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Schedule-12.

17. Excess amount of Levy Sugar Price received to date for various Sugar Seasons as per Orders of the Hon'ble High Court Rs.43.15 lacs (Previous year Rs.43.15 lacs) has not been credited to the Profit & Loss Account as the matter is subjudice.

18. **Disclosures in terms of Accounting Standard -29 on Provisions, Contingent Liabilities and Contingent Assets:**

- a) Movement of Provision for Liabilities:

(Rupees in Lacs)

Particulars	Duties & taxes	Others	Amount
Balance as at 1st October, 2008	297.95	1.03	298.98
Provided during the year	-	-	-
Amount used during the year	0.27	-	0.27
Reversed during the year	1.69	-	1.69
Balance as at 30th September, 2009	295.99	1.03	297.02
Timing of outflow/uncertainties		Outflow on settlement/crystallization	

- b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 2 & 18 (a) respectively are dependent upon Court decision / out of Court settlement/disposal of appeals etc.

- c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl. No. 2 & 18 (a) above and in view of this no asset has been recognised in this respect.

19. **Details of Adjustment relating to earlier years (Net) :**

(Rupees in Lacs)

	2008-09	2007-08
a) Expenses:		
i) Cost of Raw Materials Consumed	0.24	0.02
ii) Salaries, Wages, Bonus etc.	4.02	20.06
iii) Workmen & Staff Welfare Expenses	0.05	-
iv) Rent	0.40	-
v) Rates & Taxes	4.52	-
vi) Power & Fuel	-	0.82
vii) Repairs - Plant & Machinery	1.52	-
viii) Repairs - Others	0.54	0.06
ix) Miscellaneous Expenses	4.71	2.82
	16.00	23.78
b) Income:		
i) Miscellaneous Income	0.25	1.73
ii) Consumption of Stores & Spare Parts written back	-	6.51
iii) Workmen & Staff Welfare Expenses written back	-	0.11
	0.25	8.35
Adjustments relating to earlier years (Net) (a - b)	15.75	15.43

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

20. Earnings per Share - The numerators and denominators used to calculate Basic / Diluted Earnings per Share :

	2008-09	2007-08
a) Amount used as the numerator (Rs. in lacs)		
Profit after Tax	20904.92	7833.73
Total - (A)	20904.92	7833.73
b) Weighted average number of Equity Shares used as the denominator for		
Basic Earnings per Share - (B)	255623126	253595395
Add : Weighted average number of Equity Shares on account of		
Employees Stock Option Scheme	566096	190187
c) Weighted average number of Equity Shares used as the denominator for		
Diluted Earnings per Share - (C)	256189222	253785582
d) Nominal value of Equity Shares (Re.)	1.00	1.00
e) Basic Earnings per Share (Rs.) (A/B)	8.18	3.09
f) Diluted Earnings per Share (Rs.) (A/C)	8.16	3.09

21. Excise Duty & Cess on Stock :

The amount of Excise Duty & Cess on Stock shown in Schedule - 16 represents differential Excise Duty & Cess on Opening & Closing Stock of finished goods/by products.

(Rupees in Lacs)

Particulars	2008-09	2007-08
i) For Statutory Audit	17.30	17.29
ii) For Tax Audit & Income Tax Matters	3.70	3.26
iii) For Limited Review & other Audits	10.49	9.99
iv) For Certification Work	1.36	1.57
v) Reimbursement of Expenses	1.63	1.06
	34.48	33.17

23. Details of Remuneration paid/payable to Directors :

(Rupees in Lacs)

Particulars	2008-09	2007-08
a) Salary	238.60	248.03
b) Commission	230.00	230.00
c) Contribution to Provident Fund, Gratuity and other Funds	58.15	50.20
d) Perquisites (Including monetary value of perquisites Rs.5.39 lacs, Previous year Rs.4.80 lacs)	10.24	9.25
	536.99	537.48

24. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to Rs.3722.93 lacs (Previous year Rs.4281.53 lacs) allowable under the above policy have been accounted for.

The above policy has been terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007 wherein the Government expressed its intention to introduce another policy. The Company has been legally advised that it continues to be eligible to receive the incentives under the above policy. Furthermore, the Company has filed Writ Petition against withdrawal of the aforesaid policy which has been admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its Order dated 9th May, 2008, the hearing in respect of which is in progress.

25. Intangible Assets

- The unamortised amount of Share Issue Expenses Rs.53.27 lacs is to be amortised in the next 6 months.
- The unamortised amount of Computer Software (Acquired) Rs.1.79 lacs and Rs.0.21 lac are to be amortised equally in the next 3 years & three months and 3 years & seven months respectively.

26. Employee Benefits :

As per Accounting Standard - 15, the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

Defined Contribution Plan :

Employee benefits in the form of Provident Fund and Labour Welfare Fund are considered as defined contribution plan except that Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as defined benefit plan since the Company has to meet the interest shortfall.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Profit & Loss Account are as under :

(Rupees in Lacs)

Defined Contribution Plan	2008-09	2007-08
Employer's Contribution to Provident Fund	258.56	260.59
Employer's Contribution to Labour Welfare Fund	0.01	0.01

Defined Benefit Plan:

Post employment and other long-term employee benefits in the forms of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets.

Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a defined benefit plan since the Company has to meet the interest shortfall. The interest shortfall of Rs.6.54 lacs (Previous year Rs.24.61 lacs) at the year end is recognised as expense for the year.

Any asset resulting from this calculation is limited to the discounted value of any economic benefit available in the form of refunds from the plan or reduction in future contribution to the plan. The amount recognised in the Accounts in respect of Employees Benefits Schemes based on actuarial reports are as follows :

a) Details of funded post retirement plans are as follows :

(Rupees in Lacs)

	2008-09		2007-08	
	Gratuity	Provident Fund	Gratuity	Provident Fund
I. Components of Employer Expense :				
1 Current Service Cost	153.82	115.39	146.77	112.47
2 Past Service Cost	-	-	-	-
3 Interest Cost	108.38	151.58	115.06	129.27
4 Expected return on Plan Assets	112.44	151.38	103.28	121.66
5 Actuarial (Gain) / Loss	66.91	(18.27)	(26.85)	16.94
6 Expense recognised in Profit & Loss Account	216.67	97.32	131.70	137.02
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the year	1504.48	1805.60	1427.50	1520.87
2 Interest Cost	108.38	151.58	115.06	129.27
3 Past Service Cost	-	-	-	-
4 Current Service Cost	153.82	115.39	146.77	112.47
5 Employees Contribution	-	130.44	-	129.21
6 Benefits Paid	118.87	290.49	147.73	30.50
7 Actuarial (Gain) / Loss	43.75	(24.73)	(37.12)	(55.72)
8 Present value of Defined Benefit Obligation at the end of the year	1691.56	1887.79	1504.48	1805.60
III. Change in Fair Value of Plan Assets during the year :				
1 Plan Assets at the beginning of the year	1405.54	1780.99	1290.97	1520.81
2 Expected return on Plan Assets	112.44	151.38	103.28	121.66
3 Actual Company Contribution	225.95	245.83	169.28	241.68
4 Benefits paid	118.87	290.49	147.73	30.50
5 Actuarial Gain / (Loss)	(23.16)	(6.46)	(10.26)	(72.66)
6 Plan Assets at the end of the year	1601.90	1881.25	1405.54	1780.99
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end :				
1 Present value of Defined Benefit Obligation	1691.56	1887.79	1504.48	1805.60
2 Fair value of Plan Assets	1601.90	1881.25	1405.54	1780.99
3 Funded Status [Surplus/(Deficit)]	(89.66)	(6.54)	(98.94)	(24.61)
4 Net Asset / (Liability) recognised in Balance Sheet	(89.66)	(6.54)	(98.94)	(24.61)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

	2008-09		2007-08	
	Gratuity	Provident Fund	Gratuity	Provident Fund
V. Actuarial Assumptions :				
1 Discount Rate (per annum) %	7.50	8.50	8.50	8.50
2 Expected return on Plan Assets (per annum) %	8.00	8.50	8.00	8.00
3 Salary increase %	5.00	5.00	6.00	6.00
4 Retirement/Superannuation Age (Year)	60.00	60.00	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end :				
1 Administered by Insurance Companies	54%	–	47%	–
2 Public Financial Institutions / Public Sector Companies	21%	52%	23%	51%
3 Central / State Government Securities	23%	48%	28%	49%
4 Bank Deposits	1%	–	1%	–
5 Others (Cash & Cash Equivalents)	1%	–	1%	–
VII. Experience Adjustments :				
1 Defined Benefit Obligation	–	–	–	–
2 Plan Assets	–	–	–	–
3 Surplus /(Deficit)	–	–	–	–
4 Experience adjustments on Plan Liabilities	–	–	–	–
5 Experience adjustments on Plan Assets	–	–	–	–
VIII. Expected Employer's Contribution for the next year:				
Expected Employer's Contribution for the next year	248.50	122.31	186.21	119.22

IX. Basis used to determine the expected Rate of return on Plan Assets :

The basis used to determine overall expected Rate of return on Plan Assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the Capital and optimise returns within acceptable risk parameters, the Plan Assets are well diversified.

b) Details of unfunded post retirement Defined Obligations are as follows:

(Rupees in Lacs)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
I. Components of Employer Expense :				
1 Current Service Cost	8.10	8.30	12.97	15.16
2 Past Service Cost	–	–	–	–
3 Interest Cost	0.95	0.60	10.93	9.89
4 Expected return on Plan Assets	–	–	–	–
5 Actuarial (Gain) / Loss	3.60	(0.62)	26.49	103.39
6 Expense recognised in Profit & Loss Account	12.65	8.28	50.39	128.44
II. Change in Present Value of Defined Benefit Obligation:				
1 Present value of Defined Benefit Obligation at the beginning of the year	12.72	9.78	163.85	197.44
2 Interest Cost	0.95	0.60	10.93	9.89
3 Past Service Cost	–	–	–	–
4 Current Service Cost	8.10	8.30	12.97	15.16
5 Benefits Paid	0.17	5.34	36.28	162.03
6 Actuarial (Gain) / Loss	3.60	(0.62)	26.49	103.39
7 Present value of Defined Benefit Obligation at the end of the year	25.20	12.72	177.96	163.85
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end :				
1 Present value of Defined Benefit Obligation	25.20	12.72	177.96	163.85
2 Fair value of Plan Assets	–	–	–	–
3 Funded Status [Surplus/(Deficit)]	(25.20)	(12.72)	(177.96)	(163.85)
4 Net Asset/(Liability) recognised in Balance Sheet	(25.20)	(12.72)	(177.96)	(163.85)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2008-09	2007-08	2008-09	2007-08
IV. Actuarial Assumptions :				
1 Discount Rate (per annum) %	7.50	8.50	7.50	8.50
2 Expected return on Plan Assets (per annum) %	-	-	-	-
3 Salary increase %	5.00	6.00	5.00	6.00
4 Retirement/Superannuation Age (Year)	60.00	60.00	60.00	60.00
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
V. Experience Adjustments :				
1 Defined Benefit Obligation	-	-	-	-
2 Plan Assets	-	-	-	-
3 Surplus /(Deficit)	-	-	-	-
4 Experience adjustments on Plan Liabilities	-	-	-	-
5 Experience adjustments on Plan Assets	-	-	-	-

c) Other disclosures :

i) Basis of estimates of Rate of escalation in salary :

The estimates of rate of escalation in salary, considered in Actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

ii) The Gratuity and Provident Fund Expenses have been recognised under "Contribution to Provident Fund, Gratuity and Other Funds" and Leave Encashment under "Salaries, Wages, Bonus etc." under Schedule - 18.

iii) The amount of the Present value of Obligations, fair value of Plan Assets, Surplus/Deficit in the plan and experience adjustment arising on Plan Liabilities and Plan Assets for the previous three annual periods are not available and therefore, not disclosed.

27. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company has identified four primary business segments viz. Sugar, Distillery, Co-generation and Organic Manure. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segment. Investments, tax related assets/liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

c) Information about Primary Business Segments:

(Rupees in Lacs)

Particulars	Sugar	Distillery	Co-generation	Organic Manure	Unallocable	Total
Gross Sales	162778.41 (133515.88)	13541.67 (18750.25)	18255.21 (23688.10)	254.69 (143.78)	- (-)	194829.98 (176098.01)
Less : Inter Segment Sales	7002.18 (11634.97)	4.06 (14.09)	5777.49 (6293.74)	0.19 (0.20)	- (-)	12783.92 (17943.00)
External Sales	155776.23 (121880.91)	13537.61 (18736.16)	12477.72 (17394.36)	254.50 (143.58)	- (-)	182046.06 (158155.01)
Less : Excise Duty & Cess on External Sales	6882.24 (7074.65)	454.83 (1985.90)	- (-)	- (-)	- (-)	7337.07 (9060.55)
Net Sales	148893.99 (114806.26)	13082.78 (16750.26)	12477.72 (17394.36)	254.50 (143.58)	- (-)	174708.99 (149094.46)
Add : Allocable Other Income	534.33 (929.95)	33.77 (75.55)	82.48 (157.77)	1.75 (8.42)	- (-)	652.33 (1171.69)
Total Revenue	149428.32 (115736.21)	13116.55 (16825.81)	12560.20 (17552.13)	256.25 (152.00)	- (-)	175361.32 (150266.15)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Particulars	Sugar	Distillery	Co-generation	Organic Manure	Unallocable	Total
Result						
Segment Result	24589.49 (6084.25)	4992.23 (6511.19)	8033.54 (10779.00)	(77.39) (-) (197.30)	– (–)	37537.87 (23177.14)
Less:						
Unallocable Expenditure net of Unallocable Income					3598.60 (2774.03)	3598.60 (2774.03)
Interest & Other Financial Charges					10682.34 (10008.09)	10682.34 (10008.09)
Profit Before Tax						23256.93 (10395.02)
Tax						
Current Tax (Including Wealth Tax)						3449.00 (562.00)
Fringe Benefit Tax						28.20 (65.65)
Deferred Tax						6128.43 (1934.90)
MAT Credit Entitlement						(5904.18) (–)
Income Tax for earlier years written back						(1391.09) (–)
Profit After Tax						20946.57 (7832.47)
Other Information						
Segment Assets	164070.20 (196758.52)	16044.52 (17584.02)	55017.38 (59067.67)	1322.19 (1310.10)	28941.40 (13844.00)	265395.69 (288564.31)
Segment Liabilities	11457.37 (15997.92)	2208.20 (2677.74)	246.77 (410.27)	27.89 (24.33)	39016.21 (31347.33)	52956.44 (50457.59)
Capital Expenditure	808.24 (4956.57)	10.51 (204.72)	241.01 (3205.14)	19.82 (15.12)	86.85 (93.88)	1166.43 (8475.43)
Depreciation & Amortisation	6623.70 (7459.91)	825.50 (808.89)	3635.90 (3741.92)	69.19 (73.65)	442.56 (441.14)	11596.85 (12525.51)
Non cash expenses other than Depreciation & Amortisation	828.50 (298.77)	6.65 (1.58)	1.06 (88.96)	– –	1054.69 (172.77)	1890.90 (562.08)

Notes :

- i) Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.
- ii) Unallocable expenses are net of unallocable income Rs.167.86 lacs (Previous year Rs.350.35 lacs).
- iii) Inter Segment Sales include Excise Duty & Cess Rs.586.72 lacs (Previous year Rs.1457.93 lacs).
- iv) Figure in brackets pertain to previous year.

d) Information about Secondary Geographical Segments :

- i) The information about secondary segments has not been furnished as the export revenue is less than 10% of the total revenue of the Company.
- ii) The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Therefore, the value of fixed assets and additions thereto can not be allocated to the geographical segments. Hence, the total carrying amount of segment assets and cost incurred during the year to acquire segment assets has not been given in respect of secondary segments.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

28. Related party disclosures as per Accounting Standard - 18 are given below:

a) Name of the related parties and description of relationship :

- | | |
|--|--|
| <p>i) Associates :
(Where the Company exercises significant influence)</p> | <p>Avantika Ganna Pvt. Ltd. (Till 20.12.2008)
Asia Sugar Industries Pvt. Ltd. (Till 02.07.2009)</p> |
| <p>ii) Key Managerial Personnel (KMP):</p> | <p>Mr. Vivek Saraogi - Managing Director

Mrs. Meenakshi Saraogi - Joint Managing Director
Mr. K.N. Ranasaria - Whole-time Director (upto 11.05.2009)
Mr. Kishor Shah - Director-cum-Chief Financial Officer
Mr. R.N. Mishra - Whole-time Director (upto 31.07.2008)
Dr. Arvind Krishna Saxena - Whole-time Director (from 01.08.2008)</p> |

iii) Relatives of Key Managerial Personnel :

- | | |
|---------------------------------|---|
| <p>Mr. Vivek Saraogi</p> | <p>1. Mr. K.N.Saraogi (Father) - Chairman Emeritus
2. Mrs. Meenakshi Saraogi (Mother)
3. Mrs. Sumedha Saraogi (Wife)
4. Mr. Karan Saraogi (Son)
5. Miss Avantika Saraogi (Daughter)
6. Mrs. Satyawati Saraogi (Grand-Mother)
7. Mrs. Stuti Dhanuka (Sister)</p> |
|---------------------------------|---|

Mrs. Meenakshi Saraogi

- | | |
|--------------------------------------|---|
| <p>Mrs. Meenakshi Saraogi</p> | <p>1. Mr. K.N. Saraogi (Husband)
2. Mr. Vivek Saraogi (Son)
3. Mrs. Stuti Dhanuka (Daughter)
4. Mrs. Sumedha Saraogi (Daughter-in-Law)
5. Mr. Karan Saraogi (Grand-Son)
6. Mrs. Satyawati Saraogi (Mother-in-Law)
7. Miss Avantika Saraogi (Grand-Daughter)</p> |
|--------------------------------------|---|

iv) Enterprises in which KMP and their relatives have substantial interest :

- | | |
|---|--|
| <p>iv) Enterprises in which KMP and their relatives have substantial interest :</p> | <p>1. Kamal Nayan & Co.
2. Meenakshi Mercantiles Ltd.
3. Udaipur Cotton Mills Co. Ltd.
4. Kamal Nayan Saraogi (HUF)
5. Vivek Saraogi (HUF)</p> |
|---|--|

b) Transactions with Related parties :

(Rupees in Lacs)

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Purchase of Raw Materials					
Kamal Nayan & Co.	-	-	-	-	-
	(-)	(0.67)	(-)	(-)	(0.67)
ii) Investments made during the year in					
Asia Sugar Industries Pvt. Ltd.	-				-
	(100.00)	(-)	(-)	(-)	(100.00)
iii) Investments sold during the year to					
Meenakshi Mercantiles Ltd.	-	45.81	-	-	45.81
	(-)	(-)	(-)	(-)	(-)
Udaipur Cotton Mills Co. Ltd.	-	15.63	-	-	15.63
	(-)	(-)	(-)	(-)	(-)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iv) Receiving of Services					
Mrs. Meenakshi Saraogi	-	-	215.92	-	215.92
	(-)	(-)	(194.47)	(-)	(194.47)
Mr. Vivek Saraogi	-	-	198.25	-	198.25
	(-)	(-)	(190.82)	(-)	(190.82)
Mr. K.N.Ranasaria	-	-	24.93	-	24.93
	(-)	(-)	(33.30)	(-)	(33.30)
Mr. Kishor Shah	-	-	66.84	-	66.84
	(-)	(-)	(64.91)	(-)	(64.91)
Mr. R.N.Mishra	-	-	-	-	-
	(-)	(-)	(6.52)	(-)	(6.52)
Dr. Arvind Krishna Saxena	-	-	11.06	-	11.06
	(-)	(-)	(1.55)	(-)	(1.55)
v) Dividend Paid to Shareholders					
Mr. K.N.Saraogi	-	-	-	134.89	134.89
	(-)	(-)	(-)	(-)	(-)
Mrs. Meenakshi Saraogi	-	-	69.22	-	69.22
	(-)	(-)	(-)	(-)	(-)
Mr. Vivek Saraogi	-	-	43.78	-	43.78
	(-)	(-)	(-)	(-)	(-)
Mr. K.N.Ranasaria	-	-	0.96	-	0.96
	(-)	(-)	(-)	(-)	(-)
Mr. Kishor Shah	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)
Mrs. Sumedha Saraogi	-	-	-	49.00	49.00
	(-)	(-)	(-)	(-)	(-)
Mr. Karan Saraogi	-	-	-	19.73	19.73
	(-)	(-)	(-)	(-)	(-)
Miss Avantika Saraogi	-	-	-	18.73	18.73
	(-)	(-)	(-)	(-)	(-)
Mrs. Stuti Dhanuka	-	-	-	25.06	25.06
	(-)	(-)	(-)	(-)	(-)
Meenakshi Mercantiles Ltd.	-	32.80	-	-	32.80
	(-)	(-)	(-)	(-)	(-)
Udaipur Cotton Mills Co. Ltd.	-	37.38	-	-	37.38
	(-)	(-)	(-)	(-)	(-)
Kamal Nayan Saraogi (HUF)	-	39.31	-	-	39.31
	(-)	(-)	(-)	(-)	(-)
Vivek Saraogi (HUF)	-	0.85	-	-	0.85
	(-)	(-)	(-)	(-)	(-)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

(Rupees in Lacs)

Nature of transaction / Name of the related party	Associates	Enterprises in which KMP and their relatives have substantial interest	Key Managerial Personnel (KMP)	Relatives of KMP	Total
vi) Finance (Contribution towards Equity Shares and convertible Warrants in cash)					
Mr. K.N.Saraogi	-	-	-	-	-
	(-)	(-)	(-)	(2553.00)	(2553.00)
Mrs. Meenakshi Saraogi	-	-	-	-	-
	(-)	(-)	(883.20)	(-)	(883.20)
Mrs. Satyawati Saraogi	-	-	-	-	-
	(-)	(-)	(-)	(204.70)	(204.70)
Mr. Karan Saraogi	-	-	-	-	-
	(-)	(-)	(-)	(350.70)	(350.70)
Miss Avantika Saraogi	-	-	-	-	-
	(-)	(-)	(-)	(166.70)	(166.70)
Meenakshi Mercantiles Ltd.	-	-	-	-	-
	(-)	(1438.33)	(-)	(-)	(1438.33)
Udaipur Cotton Mills Co. Ltd.	-	-	-	-	-
	(-)	(2039.37)	(-)	(-)	(2039.37)
vii) Guarantees (By Key Managerial Personnel provided for loans obtained by the Company)					
Mr. Vivek Saraogi	-	-	-	-	-
	(-)	(-)	(14643.00)	(-)	(14643.00)
viii) Balance Outstanding					
a) Accounts payable					
Mrs. Meenakshi Saraogi	-	-	90.00	-	90.00
	(-)	(-)	(90.00)	(-)	(90.00)
Mr. Vivek Saraogi	-	-	90.00	-	90.00
	(-)	(-)	(90.00)	(-)	(90.00)
Mr. K.N.Ranasaria	-	-	-	-	-
	(-)	(-)	(2.40)	(-)	(2.40)
Mr.Kishor Shah	-	-	30.00	-	30.00
	(-)	(-)	(30.00)	(-)	(30.00)
b) Amount outstanding against Guarantees provided by					
Mr. K.N.Saraogi	-	-	-	15933.76	15933.76
	(-)	(-)	(-)	(18620.08)	(18620.08)
Mrs. Meenakshi Saraogi	-	-	15933.76	-	15933.76
	(-)	(-)	(18620.08)	(-)	(18620.08)
Mr. Vivek Saraogi	-	-	30890.26	-	30890.26
	(-)	(-)	(54113.90)	(-)	(54113.90)

- c) The transactions with related parties have been entered at an amount which are not materially different from that on normal commercial terms.
- d) No amount has been written back / written off during the year in respect of due to / from related parties.
- e) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.
- f) Figure in brackets pertain to previous year.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

29. Details of aggregate amount of loans outstanding which are guaranteed by the Managing Director / Joint Managing Director / Erstwhile Director:

(Rupees in Lacs)

Particulars	2008-09	2007-08
Loans from Banks (Including Non-Fund based limits Rs.2679.66 lacs, Previous year Rs.322.12 lacs)	14956.50	35493.82
Loans from Others	15933.76	18620.08
	30890.26	54113.90

Note : No Guarantee Commission is payable to the Guarantors.

30. Other notes in respect of a Subsidiary Company (Indo Gulf Industries Limited) :

- i) a) The Government of Uttar Pradesh has initiated recovery proceedings for recovery of Sales Tax dues related to Explosive unit at Jhansi, pursuant to which, the factory at Jhansi has been seized by the Government authorities. All the assets located at factory including records there at remain seized till the year end. Out of the above assets, certain assets pertaining to the said unit have been auctioned by the office of the Labour Commissioner, Jhansi, against which a sum of Rs.8.03 lacs is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.
- b) Pursuant to recovery proceedings initiated by U.P. State Government for the recovery of pending dues of Cane Growers and for giving effect to the Recovery Certificates amounting to Rs.1561.00 lacs, all the moveable & immoveable assets of the sugar unit located at Maizapur, District Gonda (U.P.) were seized by the District Administration on August 12, 2002. Towards the said recovery Certificate, the Distt. Administration sold the entire stocks belonging to the Company and deposited the sale proceeds amounting to Rs.1250.41 lacs with Registrar, Allahabad High Court. The Company has also deposited a sum of the Rs.323.31 lacs with the Hon'ble High Court towards the said recovery and other cane dues. Out of the said amount, Rs.1493.31 lacs has been released by the Court to the Cane Commissioner leaving a balance of Rs.80.41 lacs in the Court, which is being reflected under the head "Loans and Advances". On the said balance with the Court, Interest Income is receivable for the current year which has been duly accounted for, on the basis of TDS Certificate (Form 16A) received from SBI, High Court Branch, Lucknow.
- c) The Company's net worth has been fully eroded as the accumulated losses of Rs.8964.57 lacs exceeded its shareholders' holder fund of Rs.4405.07 lacs. The Company has been registered with the BIFR. The Operating Agency (i.e. SBI) has submitted a draft rehabilitation Scheme to the BIFR. The rehabilitation strategy envisages relief's and concessions from the Central Government, State Government and Other Agencies and also induction of fresh fund by the promoters/ associates to finance the cost of the scheme. At present, the sugar unit of the Company is in operation. SBI / Holding Company is providing the Working Capital funds for its Operation. Accordingly, the Company has considered that it will be able to continue as a going concern entity.
- ii) The un-reconciled old bank balances amounting to Rs.115.16 lacs have been considered doubtful and shown under the head 'Cash & Bank Balances'. Provision for doubtful bank balances has been made in the books. The amount includes Rs.15.45 lacs realized from the auction of molasses during the year 2002-03, kept with District Administration, Gonda and Allahabad Bank, Gonda Branch in a no-lien account subject to disposal as per order of Hon'ble Allahabad High Court, Lucknow Bench, Lucknow do not seem to be recoverable hence has been provided for.
- iii) a) In the opinion of management, the "Loans and Advances" have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. Further, in respect of certain items which were long outstanding, necessary provision has been made.
 - b) i) Rs.112.60 lacs given as share application money and included in Loans and Advances against which shares are yet to be issued by the concerned companies are still considered to be good, there by no provision has been made against the same.
 - ii) Loans and Advances include Rs.71.36 lacs paid under protest to Sales Tax Authorities towards Sales Tax dues, against which liability for Rs.28.97 lacs has been provided.
- iv) Pending final settlement, Interest on statutory liabilities outstanding for a long period has not been provided, as the quantum thereof is not ascertainable.
- v) Interest receivable (net of interest payable) on allotment money remaining unpaid in respect of Equity Shares issued on conversion of 12% Convertible Debentures will be accounted for on receipt basis.
- vi) a) Calls in arrears and deferred Sales Tax Liabilities are under reconciliation. Necessary adjustment, if any, will be made after reconciliation.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

23 NOTES ON ACCOUNTS (Contd...)

b) The installments for payment of deferred Sales Tax converted into unsecured loan by Sales Tax department are overdue. The same has not been paid and interest thereon, if any, has not been provided in the accounts, as the quantum thereof is not ascertainable.

vii) Balances shown under Sundry Creditors and advances are subject to confirmation and reconciliation with the parties.

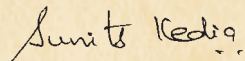
viii) Lease Deed for 50 Acre of Land (Out of Total land of 705 acres) for Jhansi Plant has not been executed. In respect of some other land, the registration formalities are under process.

ix) Due to seizure of Company's explosive plant at Jhansi, the condition of the plant & machineries and other fixed assets there at and the impairment loss, if any, in respect thereof could not be determined, pending which no provision for such impairments, if any, could be made in the accounts.

31. Previous year's figures have been re-grouped / re-arranged wherever found necessary to make them comparable with those of the current year.

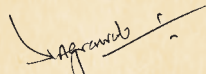
Signatories to all foregoing Schedules '1' to '23' forming part of the Accounts.

For **G. P. Agrawal & Co.**
Chartered Accountants

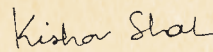


(CA. Sunita Kedia
Membership No. 60162)
Partner

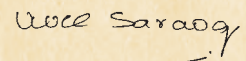
7A, Kiran Shankar Ray Road,
Kolkata - 700 001.
25th November, 2009.



S. K. Agrawala
Secretary



Kishor Shah
Director cum Chief Financial Officer



Vivek Saraogi
Managing Director

INDO GULF INDUSTRIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Arvind Krishna Saxena
Mr. Gauri Shankar Agarwala
Mr. Vimal Kumar Jain
Mr. Anup Kumar Acharya

AUDIT COMMITTEE

Mr. Vimal Kumar Jain (Chairman)
Dr. Arvind Krishna Saxena
Mr. Anup Kumar Acharya

SHARE TRANSFER COMMITTEE

Mr. Vimal Kumar Jain
Dr. Arvind Krishna Saxena
Mr. Anup Kumar Acharya

REMUNERATION COMMITTEE

Mr. Vimal Kumar Jain
Dr. Arvind Krishna Saxena
Mr. Anup Kumar Acharya

SHAREHOLDERS GRIEVANCE COMMITTEE

Mr. Vimal Kumar Jain
Dr. Arvind Krishna Saxena
Mr. Anup Kumar Acharya

COMPANY SECRETARY

Ms. Neha Kejriwal

STATUTORY AUDITORS

M/s. Vipin Aggarwal & Associates
Chartered Accountants
E-4, IInd Floor, Defence Colony,
New Delhi – 110 024

BANKERS

State Bank of India
Commercial Branch
24, Park Street,
Kolkata-700016.

FACTORIES

SUGAR DIVISION

Sugar Plant

Maizapur Tehsil, Colonelgunj
Distt. Gonda, (U.P.)

EXPLOSIVE DIVISION

Babina Plant

Village Koti
Sukhwa & Prithi Pura, Babina
Distt. Jhansi (U.P.)

SMS DIVISION

Singrauli Plant (SMS)

Near Central Workshop
Jayant, Village – Garda, Singrauli
Distt. Sidhi, M.P.

Korba Plant (SMS)

Vill. Goberaghora, (Dipka) Korba
Distt. Bilaspur

Talcher Plant (SMS)

Plot No. 2
IDCO Industrial Estate
Village Ghanipura, Distt. Dhenkanal,
Talchar, Orissa

I.B.Valley

Vill. Sarandamal, Tehsil – Lakhanpur,
Distt. Sambalpur, Orissa

ACCESSORIES DIVISION

(Detonating Fuse etc.)

Village Koti, Sukhwa & Prithi Pura, Babina,
Distt. Jhansi (U.P.)

REGISTERED OFFICE

213,Rectangle 1, D-4, District Centre, Saket,
New Delhi-110017

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Seventh Annual Report and Audited Accounts of the Company for the year ended 30th September, 2009

(Rs. in thousands)

Particulars	Year ended 30.09.2009	Year ended 30.09.2008
Sales and other Income	494023.17	301244.54
Profit/(Loss) before Depreciation, Interest and Taxation	6024.01	461.60
Less: Interest	99774.82	104298.82
Less: Depreciation	41720.73	42590.07
Profit/(Loss) before Tax	(135471.54)	(146427.29)
Provision for Tax	(20.00)	(165.19)
Net Profit/(Loss)	(135491.54)	(146592.48)
Add: Balance brought forward from previous year	(760965.30)	(614372.82)
Loss Carried over to Balance Sheet	(896456.84)	(760965.30)

Performance

The Maizapur unit of the Company commenced crushing operations for the season 2008-09 w.e.f 5th December, 2008.

The quantitative performance results of season 2008-09 and 2007-08 were as under:

Season	2008-09	2007-08
Crushing Capacity (TCD)	3000	3000
Start of Crushing season	05.12.2008	06.12.2007
Close of Crushing season	11.02.2009	21.03.2008
Sugar cane Crushed (in Lac Quintals)	13.09	29.71
Recovery (%)	8.42	9.63
Sugar Production (in Lacs Quintals)	1.10	2.87

Crushing of sugarcane and production of sugar during the season 2008-09 was substantially lower at 13.09 lac quintal and 1.10 lac quintal as against 29.71 lac quintal and 2.87 lac quintal respectively in the preceeding year. Recovery was also lower at 8.42% as against 9.63% in the previous season. The main reason for lower crushing was owing to lower availability of sugarcane due to conscious switch over by the farmers to other crop like wheat and paddy etc. on account of better realisation. None of the explosive units of the Company is in operation during the year.

Cane and Sugar Policy

The U.P. Government has issued a Notification dated 23rd October, 2009 by which the State Advised Cane Price (SAP) has

been fixed for all the sugar factories for the season 2009-10 in U.P., which is Rs.162.50 per qtl for rejected varieties, Rs.165.00 for Normal varieties and Rs.170.00 for early maturing varieties.

The Central Government has increased the levy sugar component from 10% in season 2008-09 to 20% for season 2009-10 to meet the requirement under Public Distribution System at subsidized rates. Further, imported raw - sugar and white sugar do not have levy sugar obligation.

Legal Cases Related to Cane Arrears

1. The State Govt. vide order dated 26th December, 2006 fixed State Advised Price for the season 2006-07 at Rs.122.50, Rs.125.00, and Rs.130/- per quintal for rejected, normal and early varieties respectively. The Allahabad High Court vide order dated 19th December, 2007 quashed the State Advised Price. SLPs were filed against this order by the State and cane growers before the Hon'ble Supreme Court.
2. The Hon'ble Supreme Court vide order dated 27th February, 2008 fixed interim price of sugarcane as Rs.115/-, Rs.118/- and Rs.123/- per quintal for rejected, normal and early varieties respectively.
3. The State Govt. vide its order dated 30th October, 2007 fixed State Advised Cane Price for the season 2007-08 as fixed for the season 2006-07. This cane price was again challenged by the sugar industry before the Allahabad Bench and Lucknow Bench of Allahabad High Court. The Lucknow Bench vide order dated 7th July, 2007 upheld the State Advised Price for the season 2007-08 and the Allahabad Bench quashed the SAP. Both these orders were challenged in the Hon'ble Supreme Court by various SLPs.
4. The Hon'ble Supreme Court vide order dated 8th September, 2008 fixed an interim price of sugarcane as Rs.110/- per quintal for the season 2007-08. The SLPs are pending in the Hon'ble Supreme Court. The industry had paid its cane dues for 2007-08 for the interim order.
5. The State Govt vide order dated 18th October, 2008 had fixed SAP for the crushing season 2008-09 at Rs.137.50, Rs.140/- and Rs.145/- per qtl for rejected, normal and early varieties. The sugar factories had challenged the State Government's Order dated 18th October, 2008 in Allahabad High Court. The Writ Petition filed by the Sugar Industry challenging the SAP for the season 2008-09 was dismissed by Allahabad High Court on 8th December, 2008. The sugar factories has challenged this judgment in the Supreme Court. This SLP is

also pending in the Hon'ble Supreme Court. In the meantime, considering the various factors. Your Company have paid on the basis of the price fixed by the State Government.

Future Outlook & Prospects

As you are aware that Board for Industrial & Financial Reconstruction had vide its Order dated 23rd October, 2008 declared Indo Gulf Industries Ltd. (IGIL) a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Company (Special Provisions) Act, 1985 and appointed State Bank of India (SBI) as Operating Agency under Section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme based on the IGIL proposal for its revival.

IGIL submitted a Draft Rehabilitation Scheme to SBI which is based on demerger of Sugar unit of the Company, situated at Maizapur, U.P and merger of the said sugar unit with the holding Company Balrampur Chini Mills Ltd. (BCML). The explosive unit of IGIL is proposed to be continued as the sole unit of IGIL in the draft rehabilitation Scheme. The State Bank of India after examining the viability of the Scheme has submitted the same to the BIFR for their needful and approval.

Dividend

In view of Losses suffered by the Company, the Directors regret for their inability to recommend dividend for the year under review.

Public Deposits

During the year under review, the Company has not accepted any deposits within the purview of Section 58A of the Companies Act, 1956.

Directors

Mr. Vimal Kumar Jain will retire from the Board by rotation at this Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re-appointment.

Mr. Anup Kumar Acharya will retire from the Board by rotation at this Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re-appointment.

Mr. Shiv Bhagwan Khowala had resigned from the Board w.e.f 16th November, 2009.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your directors hereby confirm:

- i) that in the preparation of the annual accounts for the financial year ended 30th September, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the

year under review;

- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the accounts for the financial year ended 30th September, 2009 on a 'going concern' basis.

Auditors' Report

The observations of Auditors in their report read with the relevant notes to accounts are self explanatory and do not require further explanation.

Auditors

M/s. Vipin Aggarwal & Associates, Chartered Accountants, Statutory Auditors of the Company retire and being eligible, offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with section 224 of the Companies Act, 1956.

Corporate Governance

As per clause 49 of the Listing Agreement with the Stock Exchanges, Managements Discussion and Analysis, a report on Corporate Governance together with the Certificate from Practicing Company Secretary on the compliance of conditions of the Corporate Governance forms part of the Annual Report.

Particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

In accordance with the requirement of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the statement showing particulars with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto and form a part of this report.

Particulars of Employees

During the year under review there were no employees who were drawing remuneration as prescribed in section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 either for full year or for a part of the year under review.

Acknowledgements

Your directors wish to place on records their appreciation for co-operation and support extended by the Bankers, other Financial Agencies and employees of the company.

By order of the Board
For **INDO GULF INDUSTRIES LIMITED**

Sd/-
Dr. Arvind Krishna Saxena
Director

Sd/-
Vimal Kumar Jain
Director

Place : New Delhi
Date : 16th November, 2009.

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988 and forming part of the Directors' Report for the year ended 30th September, 2009

A. Conservation of Energy

- a) Your Company continues to give high priority to the conservation of energy on an ongoing basis, some of the significant measures taken are:
- Installation of appropriate capacity electric motors in place of higher capacity motors.
 - Replacement of boiler tubes to optimise fuel efficiency.
- b) The required data with regard to conservation of energy are furnished below:

	2008-09	2007-08
A) Power and fuel consumption		
1. a) Purchased Units	Nil	Nil
Total Amount (Rs. Thousands)	Nil	Nil
Rate per Unit (Rs)	Nil	Nil
b) Own generation		
i) Through Diesel Generator sets (Units)	438268	392502
Units per ltr. of Diesel	2.82	3.09
Cost/ Units (Rs.)	12.10	11.32
ii) Through Steam Turbine/ Generator (Units)	5332050	11584080
Unit per quintal of Bagasse Cost/Unit		Steam produced by use of own bagasse
2. Coal (specify quality and where used quantity) (Tonnes)	Not directly consumed in production	
Total amount/Average Cost	-do-	-do-
3. Furnace Oil (K. Ltrs.)	-do-	-do-
4. Other/Internal Generation	-do-	-do-
Quantity total cost rate/Unit	Nil	Nil
B) Consumption per Unit of production		
Sugar Production (quintal)	111545	287576
Electricity (Units per qtl. of production)	51.73	41.65
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Other (specify quality)	Nil	Nil

B. Research and Development Technology Absorption

Your Company has been carrying out research and development in the following specific areas:

- Rearing of seed nurseries of new improved varieties, procured from different cane development centers for varietals replacement.
- Pest control measures to protect cane from disease.
- Ratoon crop management helping increased yield and recovery.
- Sugar cane planting during Autumn season.

Owing to the efforts, a higher yield of disease free cane will be available to the Company, resulting in a higher return to the Company and to the cane growers.

Future Plans

- Continuing research to generate better-yielding and disease free cane varieties.
- Installing machineries with the latest technology at different stations in the factory.
- Providing irrigation facilities to growers by distributing pumping sets and boring.

C. Foreign Exchange Earnings and Outgo

	2008-09	2007-08
i) Activities relating to exports initiative taken to increase exports	Nil	Nil
ii) development of new export market for product and services and export plan	Nil	Nil
iii) Total foreign exchange earnings (Rs. in lacs)	Nil	Nil
iv) Used (Rs. in lacs)	Nil	Nil

For and on behalf of the Board of directors

New Delhi
16th November, 2009.

Sd/-
Dr. Arvind Krishna Saxena
Director

Sd/-
Vimal Kumar Jain
Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes that Corporate Governance is a continuous process to attain high standards of efficiency, transparency, integrity and ethical behavior with a view to maximise benefits from the business for all constituents with due regards to and compliance with laws.

Your Company has adopted a 'Code of Business Conduct and Ethics', which lays down the standards of values, ethics and business principles for Board Members and Senior Management of the Company.

BOARD OF DIRECTORS

The composition of Board of Directors as on 30th September, 2009 is as follows:

1. Non-executive Directors

- i) Dr. Arvind Krishna Saxena

2. Independent Non-executive Directors

- i) Mr. Gauri Shankar Agarwala
- ii) Mr. Vimal Kumar Jain
- iii) Mr. Shiv Bhagwan Khowala
- iv) Mr. Anup Kumar Acharya

The composition of the Board of Directors, number of other Board of Directors or Board Committees of which he is a Member and the attendance of each Director at the Board Meeting and the last Annual General Meeting (AGM) are as under:-

Sl. No.	Name of Director	Number of other Directorship* (Public Ltd. Company)	Number of Membership/ Chairmanship of other Board Committee**	Number of Board Meetings attended	Attendance at last AGM
1	Dr. Arvind Krishna Saxena	1	Nil	3	Yes
2	Mr. Gauri Shankar Agarwala	1	Nil	6	Yes
3	Mr. Vimal Kumar Jain	1	Nil	6	Yes
4	Mr. Shiv Bhagwan Khowala	Nil	Nil	4	Yes
5	Mr. Anup Kumar Acharya	Nil	Nil	6	Yes

* Excludes membership of the Managing Committee of various chambers/bodies and directorship in Private Limited Companies/ Companies under section 25 of the Companies Act/ foreign companies.

** For reckoning the limit, the Membership/ Chairmanship of the Audit Committee and Shareholders' Grievance Committee of the Indian Public Limited Companies have been considered.

During the year ended 30th September 2009, six Board Meetings were held i.e on 21st November, 2008, 29th January, 2009, 1st April, 2009, 30th April, 2009, 27th July, 2009 and 24th September, 2009

BOARD COMMITTEES:

Audit Committee

The Audit Committee constituted by the Board of Directors consists of the following Directors as members:

1. Mr. Vimal Kumar Jain : Chairman, Independent, Non-executive
2. Dr. Arvind Krishna Saxena : Member, Non-executive
3. Mr. Shiv Bhagwan Khowala : Member, Independent, Non-executive
4. Mr. Anup Kumar Acharya : Member, Independent, Non-executive

All these Directors possess knowledge of corporate finance, accounts and Company Law. The Chairman of the Committee is an Independent Non-executive Director nominated by the Board. The Company Secretary acts as a Secretary to the Committee.

The Audit Committee have following powers :

1. To investigate into any matter in relation to the items specified

in Sections 292A of the Companies Act, 1956 or referred to it by the Board and shall have full access to information contained in the records of the Company and external professional advice, if necessary.

2. To investigate any activity within its terms of reference.
3. To seek information from any employee.
4. To obtain outside legal or other professional advice.
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role of the Audit Committee includes following:

- 1) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.

- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 6) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8) Discussion with internal auditors of any significant findings and follow up thereon.
- 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- 12) Reviewing Company's financial and risk management policies,
- 13) Carrying out such other function as may be from time to time specifically referred by the Board of Directors.

The Audit Committee also reviews the following information:

1. The Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by management;
3. Management letters / letters of internal control weaknesses

issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief internal auditor.
6. Review of uses/ application of funds raised through public issue, right issue, preferential issue, etc.

Meetings and Attendance

During the financial year ended 30th September, 2009, Audit Committee meetings were held on 21st November, 2008, 29th January, 2009, 30th April, 2009, 27th July, 2009

Name Of Directors	No of Meetings attended
Mr. Vimal Kumar Jain	4
Dr. Arvind Krishna Saxena	3
Mr. Shiv Bhagwan Khowala	3
Mr. Anup Kumar Acharya	4

Mr. Vimal Kumar Jain, Chairman attended the AGM held on 22nd January, 2009 and replied to the queries related to accounts to the satisfaction of the shareholders.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Executive Directors and Managers of the Company.

The remuneration Committee comprises of 3 Directors, all of whom are Non-Executive, Independent Directors. The members of the Committee are:-

1. Mr. Anup Kumar Acharya : Chairman
2. Mr. Vimal Kumar Jain : Member
3. Mr. Shiv Bhagwan Khowala : Member

During the financial year ended 30th September, 2009, One Remuneration Committee meeting was held.

Remuneration of Employees largely consists of base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres/grades. All the Directors of the Company are liable to retire by rotation and are only paid sitting fees for attending the Board Meeting.

The details of payment to Non-Executive Directors during the year 2008-09 are as under:

Non -Executive Directors	Sitting Fees (Rs.)
Dr. Arvind Krishna Saxena	3000
Mr Gauri Shankar Agarwala	6000
Mr. Vimal Kumar Jain	6000
Mr Shiv Bhagwan Khowala	4000
Mr. Anup Kumar Acharya	6000

Shareholders' Committee

i) Share Transfer Committee

A Share Transfer Committee was constituted to deal with various matters relating to share transfer / transmission, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

The Members of Share Transfer Committee are as below:

1. Mr. Vimal Kumar Jain
2. Mr. Shiv Bhagwan Khowala
3. Mr. Anup Kumar Acharya

During the financial year ended 30th September, 2009, seven Share Transfer Committee meetings were held.

ii) Shareholder / Investors' Grievance Committee

The Company constituted the Shareholder / Investor Grievance Committee to oversee the redressal of shareholders and Investor Grievances in relation to transfer of shares, Non-Receipt of Annual Report, Non- Receipt of Dividend etc. The constitution of the Committee is as follows :-

1. Mr. Anup Kumar Acharya : Chairman
2. Mr. Vimal Kumar Jain : Member
3. Mr. Shiv Bhagwan Khowala : Member

During the financial year ended 30th September, 2009, two Shareholder/ Investors' Grievance Committee meetings were held.

The Company attends the Shareholders'/Investors' Grievances/ correspondence expeditiously. During the year under review, 11 (Eleven) investor complaints were received and all of them have been resolved. No shares were pending for transfer as on 30th September, 2009.

Compliance Officer

Ms. Neha Kejriwal, Company Secretary is the Compliance Officer of the Company.

General Body Meeting

The last three Annual General Meetings were held as given below:-

Financial year	Date	Location of the Meeting	Time	Special resolution passed.
2005-06	30.03.2007	The Little Theatre Group, Copernicus Marg, New Delhi 110001	10.00 A.M	Nil
2006-07	29.01.2008	The Little Theatre Group, Copernicus Marg, New Delhi 110001	11.00 A.M	Nil
2007-08	22.01.2009	The Little Theatre Group, Copernicus Marg, New Delhi 110001	10.00 A.M.	Nil

No special resolution was put through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM.

Disclosures

- i) The Company does not have any related party transactions which may have potential conflict with the interests of the Company at large. However, disclosure of transaction with related Parties is set out in the notes to Accounts forming part of the Annual Report.

- ii) The Company has followed the guidelines of Accounting Standards issued by the Institute of Chartered Accountants of India in preparation of its financial statements.

- iii) The Company has laid down Risk Assessment and Minimization procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control systems to identify the risk at appropriate time and to ensure that the executive management controls the risk in properly defined framework.

- iv) The Company has fulfilled all statutory compliances except the payment of listing fees to "Ahmedabad Stock Exchange Limited".

Means of Communication

The Company published its Quarterly, Half Yearly Un-Audited Financial Results and Audited Financial Results in the prescribed form in English and Hindi Newspapers. The results were also sent to Stock Exchanges where the securities of the Company are listed. During the last year the results were published in the Pioneer and Haribhoomi newspapers.

The Management's discussion and analysis forms a part of the Annual Report, which is posted to the shareholders of the Company. Disclosure with regard to shareholding pattern, Corporate Governance Compliance Report etc. are also sent to the Stock Exchanges as required under various regulations.

General Shareholders' Information

Annual General Meeting.

Date and Time	27th January, 2010 at 10.00 A.M.
Venue	The Little Theatre Group, Copernicus Marg, New Delhi - 110001
Financial Year Calendar	1st October, 2009 to 30th September, 2010 (Tentative)
Results for the quarter ending 31st December, 2009	Fourth week of January, 2010
Results for the quarter ending 31st March, 2010	Fourth week of April, 2010
Results for the quarter ending 30th June, 2010	Fourth week of July, 2010
Results for the quarter/Annual ending 30th September, 2010	Third week of November, 2010

Book closure date

17th January, 2010 to 27th January, 2010. (both days inclusive).

Dividend

Considering the Losses, the Board of Directors have not recommended any dividend for the year.

Listing of Equity Shares on Stock Exchanges at :

- i) Bombay Stock Exchange Ltd. (BSE) The Corporate Relationship Department, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.
- ii) Ahmedabad Stock Exchange Limited (ASE) - Kamdhenu Complex, opposite, Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad-380015.

Listing Fee

Listing fee for the year 2009-10 has been paid to the BSE.
Listing fee of ASE is in arrear.

Stock Code

BSE Code for Indo Gulf Industries Ltd. - 506945
ASE Code for Indo Gulf Industries Ltd. - 26110

Trading of Shares

Presently, the trading of the shares of the Company is suspended

in both the Stock Exchanges.

Share Transfer System :

Shares lodged for transfer are normally effected within a maximum period of 30 days from the date of receipt. Shares for transfer should be lodged at the Registered Office of the Company i.e. 213, Rectangle-1, D-4, District Centre Saket New Delhi-110017

Distribution of Shareholding as on 30th September, 2009 (Face Value of Rs. 10/- each).

Shareholding range	No. of Shares	% of Shareholding	No. of Shares holders	% of shareholders
Upto 5,000	2,780,996	29.07	18,064	99.77
5,001-10,000	131,834	1.38	18	.10
10,001-20,000	109,398	1.14	7	.04
20,001-30,000	23,650	.25	1	.01
30,001-40,000	69,500	.73	2	.01
40,001-50,000	50,000	.52	1	.01
50,001-100,000	470,050	4.91	6	.03
100,001 and above	5,931,842	62.00	7	.03
Total	9,567,270	100.00	18,106	100.00

Pattern of Shareholding as on 30th September, 2009 (Face Value of Rs 10/- each).

	No. of Shares	% of Holding
Promoters Group	5162523	53.96
Financial Institution, Insurance Companies, Banks and Mutual Funds etc	114748	1.20
Foreign Institutional Investors	1298	0.01
Private Corporate Bodies	960536	10.04
NRIs	97458	1.02
Indian Public	3230707	33.77
Total	9567270	100.00

Dematerialisation of Shares

The Company has not received the ISIN number and the Shares of the Company are not in dematerialized form.

Factories Location**Sugar Division:**

Sugar Plant
Maizapur Tehsil, Colonelgunj,
Dist. Gonda (U.P.)

Explosive/SMS Division

Unit 1: Babina, Jhansi (U.P)
Unit 2: Singrauli, Sidhi (M.P)
Unit 3: Korba, Bilaspur (Chattisgarh)
Unit 4: I.B Valley, Sambalpur (Orissa)
Unit 5: Talchar, Dhenkanal (Orissa)

Investor Correspondence

Indo Gulf Industries Ltd.,
213, Rectangle-1, D-4
District Centre, Saket,
New Delhi-110017

Non Mandatory Requirement

The Company has set up a Remuneration Committee on 20th December, 2006. The Remuneration Committee makes/recommends to the Board of Directors regarding remuneration payable to the Managerial Personnel.

Code of Conduct

The Company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel.

Declaration on the Code of Conduct

Pursuant to clause 49 of the listing Agreement with stock exchanges, I, Arvind Kumar Gupta, Manager of Indo Gulf Industries Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the year ended 30th September, 2009

Place: New Delhi
Date: 16th November, 2009

Sd/-
Arvind Kumar Gupta
Manager

CEO/CFO CERTIFICATION

The Board of Directors,

Indo Gulf Industries Limited,

New Delhi.

**Re: Financial Statements for the financial year 2008-09 –
Certification by Manager and Manager (Accounts)**

We, Arvind Kumar Gupta, Manager and Mr. Sanjay Kumar Agarwal, Manager (Accounts) of Indo Gulf Industries Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ending 30th September, 2009 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 30th September, 2009 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have

disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

5. We have indicated to the Auditors & the Audit Committee:-
 - a) there have been no significant changes in internal control over financial reporting during this period.
 - b) there have been no significant changes in accounting policies during this period.
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Sd/-

Sanjay Kumar Agarwal
Manager (Accounts)

New Delhi.

Dated : 16th November, 2009.

Sd/-

Arvind Kumar Gupta
Manager

CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of

Indo Gulf Industries Limited

We have reviewed the compliance of conditions of Corporate Governance by Indo Gulf Industries Limited for the year ended 30th September, 2009, as stipulated in the Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents Maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned 'Listing Agreement'.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

We have been explained that no investor grievances are pending as on 30th September, 2009 for a period exceeding one month against the Company as per the records maintained by the Company.

For **Anjali Yadav & Associates**
Company Secretaries

Sd/-

New Delhi

16th Day of November, 2009.

(Anjali Yadav)

Membership No. 15353.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The sugar production in the country for the season 2008-09 was 147.00 lac tonnes as against 263.30 lac tonnes in 2007-08. The reason for sharp fall in production is primarily due to lower availability of sugarcane because of declining sugarcane acreage. As owing to depressed sugar prices during 06-07 & 07-08, the industry was unable to pay the farmers on time whereas for other crops more remunerative prices were offered to the growers which resulted in diversion of land resources to other crops.

India is the largest consumer of sugar in the world. The sugar consumption during the sugar season 2008-09 is estimated to be around 230 lac tonnes, an increase of approximately 5 lacs tonnes over 2007-08. The growth in India's GDP and the consequent effect on disposable incomes has resulted in increase in consumption of sugar, which is expected to continue. With limited increase in domestic production, the import of raw sugar and conversion of the same into white sugar may emerge as a critical business for sugar manufacturers.

Opportunities and Threats

Strengths

- India is the 2nd largest sugar producer in the world.
- Its production can make the country self-reliant in this essential commodity.
- It is a regulated industry as its consumption is considered essential for mass consumption.

Opportunities

- The by-products attract a high value.
- Attractive potential to increase cane productivity and sugar recovery.
- Upgradation of technology for effective byproduct utilization.

Threats

- The sector is vulnerable to political interventions in raw material pricing and sale timing.
- Excess use of fertilizer and pesticide can reduce soil potency.
- Unreasonable increases in sugarcane cost.

Challenges

- Low installed capacities resulting in a high production cost.
- Outdated manufacturing technologies.

Outlook

Please refer to the Directors Report.

Risks and Concerns

Industry Risk

The Company may yield ground owing to a business downturn.

Risk Response

- With next season's sugar projection projected at no more than 160 lacs tonnes, higher sugar prices are expected to sustain, benefiting sugar manufacturers. Consumption level may also grow at healthy rate.

Regulatory Risk

The Company's business may be affected by unfavourable government policy.

Risk Response

During 2008-09, the Government's regulations that favoured the sugar industry comprised the following:

- The Government permitted duty-free imports of raw sugar till 1st January, 2011, creating a processing opportunity for manufacturers.
- The Central government raised the levy quota from 10% to 20% with a corresponding increase in levy remuneration based on SAP.

Raw Material Availability Risk

A decline in raw material availability can affect the Company's sugar production.

Risk Response

The Company leveraged its harmonious relationship with farmers derived out of friendly practices and timely payments.

Internal Control System

Internal Control System has been a core focus of the management of the Company. Effective internal control system are being placed commensurate with its nature of business and the size of operations to ensure that all assets are safeguarded and properly protected against unauthorised use and are correctly recorded. The Audit Committee interacts with the Statutory Auditors about the adequacy of internal control systems and seeks suggestions.

Financial Performance

During the year 2008-09 there is no change in the share capital of the Company. The Loan funds of the Company reduced by 10.66% from Rs.10469.54 lacs in 2007-08 to Rs.9353.84 lacs in 2008-09. Inventories of the Company reduced by 72.29% to Rs.768.61 lacs in 2008-09 as against Rs.2773.36 lacs in 2007-08. The Sundry Debtors have been reduced by 99.53% to 1.27 lacs in 2008-09 from Rs.268.04 lacs in 2007-08.

The Board for Industrial & Financial Reconstruction (BIFR) had vide its Order dated 23rd October, 2008 declared the Company a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Company (Special Provisions) Act, 1985 and appointed State Bank of India (SBI) as Operating Agency under Section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme based on the Company's proposal for its revival. The Company has submitted a Draft Rehabilitation Scheme. SBI and the holding company is providing the working capital funds for operation of the Company.

Human Resource

The underlying policy of the management toward human resource development is that competent and motivated manpower is the most important factor in achieving business goals. As on 30th September, 2009 the total number of employees were 522.

Cautionary Statement

Details given hereinabove relating to various activities and future plans may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual performance may differ materially from those either expressed or implied.

AUDITORS' REPORT

To the Members of
INDO GULF INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **INDO GULF INDUSTRIES LIMITED** as at 30th September 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies, (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above; we report that: -
 - I. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit except non availability of non-operative bank account statements and its reconciliation.
 - II. in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books;
 - III. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - V. in our opinion and to the best of our information and

according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, subject to matters stated in paragraphs herein below:

- i. Your attention is drawn on Note No. 9(c) in Schedule 22 of the Financial Statement regarding erosion of net-worth of the Company. As of date accumulated losses of Rs. 89.65 crores of the Company has exceeded the Shareholders' fund of Rs. 44.05 crores subject to amounts presently un-ascertainable as mentioned in under noted para (ii). In view of the factors as mentioned in para 9(c) of the Notes on Accounts, the accounts have been made on the presumption of going concern.
 - ii. a. Regarding non-provision of interest on Deferred Sales Tax Liability under the head Unsecured Loans, amount being unascertained. (Note No 22 (b) of schedule 22)
 - b. Regarding non-provision of interest and penalty on statutory liabilities the amount being unascertained. (Note No. 12 of schedule 22)
- give the information required by the Companies Act, 1956 in the manner so required and we state that the accounts present a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet of the state of affairs of the Company as at 30th September, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Vipin Aggarwal & Associates**
Chartered Accountants

Sd/-

(Vipin Aggarwal)

Membership No. 016544

Partner

Place : New Delhi
16th November, 2009.

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph [3] of our report of even date

- i) a) We have been informed that, the Company is under process of preparing the records of fixed assets.
- b) According to explanation given to us, fixed assets acquired during the year for the Sugar unit at Gonda (U.P.) have been physically verified by the

management. However, in respect of the fixed assets acquired during the previous years, the management is in the process of its reconciliation.

Further, in respect of the fixed assets of the explosive units, we have been informed that the same could not

- be physically verified due to seizure of the plants.
- c) There was no major disposal of fixed assets during the year.
 - ii)
 - a) The inventories have been physically verified during the period by the management at reasonable intervals for the sugar unit at Maizapur, Gonda (U.P).
 - b) In our opinion and according to the information and explanations given to us, the procedure of physically verifying the inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
 - iii) The Company has neither granted nor taken any loans secured or unsecured to/from Companies, firm or other parties listed in the register maintained under section 301 and/or to the Companies Act, 1956.
 - iv) On the basis of information and explanations given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
 - v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act. Accordingly, clause 4(v) of the Order is not applicable to the Company.
 - vi) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and rules framed there under.
 - vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
 - viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
 - ix) There are no such undisputed statutory dues during the year. However, due to non availability of records on account of seizure of sugar factory at Maizapur, Gonda (U.P.) and explosive units, we are unable to comment whether in respect of earlier years any undisputed statutory dues were outstanding at the year end.
 - x) The accumulated losses are Rs.8964.57 lacs (without including unascertained amounts as mentioned in para V ii (a to b) of our report against the shareholders' fund of Rs.4405.07 lacs, which exceeds its net worth.

Further, it has incurred cash losses of Rs.932.34 lacs during the year under consideration and Rs.1083.58 lacs in the immediately preceding financial year without considering the effect as mentioned above.

- xi) According to the information and explanations given to us, Paragraph 4(xi) of the order regarding default in payment of dues to a financial institution or bank or debenture-holders, is not applicable.
- xii) According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and Nidhi / mutual benefit fund/societies.
- xiv) The Company does not deal or trade in shares, securities, and debentures other than the investments made by it.
- xv) During the year, since the Company has not given any guarantee for loans taken by others, paragraph 4 (xv) of the order is not applicable.
- xvi) According to the information and explanations given to us, and based on the documents and records produced to us, the Company has applied the term loans for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us, and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company and vice-versa.
- xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the year, since the Company has not issued any debentures, paragraph 4(xix) of the order is not applicable.
- xx) The Company has not raised any money through a public issue during the year. Hence paragraph 4 (xx) of the order is not applicable.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Vipin Aggarwal & Associates
Chartered Accountants

Sd/-

(Vipin Aggarwal)

Place : New Delhi
16th November, 2009.

Membership No. 016544
Partner

BALANCE SHEET

As at 30th September, 2009

(Rupees in Thousand)

	Schedule	As at 30th September, 2009		As at 30th September, 2008	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	88179.90		88179.90	
b) Reserves & Surplus	2	352327.11	440507.01	352293.44	440473.34
2. Loan Funds					
a) Secured Loans	3	904545.90		1016115.34	
b) Unsecured Loans	4	30838.24	935384.14	30838.24	1046953.58
Total			1375891.15		1487426.92
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block		953910.51		948265.23	
b) Less : Depreciation		497921.50		457930.66	
c) Net Block		455989.01		490334.57	
d) Capital Work-in- Progress		11393.25		11234.58	
			467382.26		501569.15
2. Investments	6		154.44		301.21
3. Current Assets, Loans and Advances					
a) Inventories	7	76861.16		277336.41	
b) Sundry Debtors	8	126.72		26803.86	
c) Cash and Bank Balances	9	2383.09		5501.40	
d) Other Current Assets	10	33.39		-	
e) Loans & Advances	11	35809.90		35330.71	
		115214.26		344972.38	
Less: Current Liabilities & Provisions					
a) Current Liabilities	12	66964.41		85131.17	
b) Provisions	13	36352.24		35249.95	
		103316.65		120381.12	
Net Current Assets			11897.61		224591.26
4. Miscellaneous Expenditure					
(To the extent not written off or adjusted)					
Share Issue Expenses		-		918.77	
Less: Written off during the year		-	-	918.77	-
5. Profit & Loss Account (Debit balance as per annexed account)			896456.84		760965.30
Total			1375891.15		1487426.92
Significant Accounting Policies	21				
Notes on Accounts	22				

Schedules '1' to '13', '21' & '22' referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Vipin Aggarwal & Associates**

Chartered Accountants

Sd/-

(CA. Vipin Aggarwal
Membership No. 016544)
Partner

New Delhi.
16th November, 2009

Sd/-

Neha Kejriwal
Company Secretary

Sd/-

Vimal Kumar Jain
Director

Sd/-

Dr. A. K. Saxena
Director

PROFIT & LOSS ACCOUNT For the year ended 30th September, 2009

(Rupees in Thousand)

	Schedule	Year ended 30th September, 2009	Year ended 30th September, 2008
I. INCOME			
Gross Turnover			
Sales		504871.55	315122.76
Less: Excise Duty & Cess		26832.23	24727.65
Net Turnover		478039.32	290395.11
Other Income	14	15983.85	10849.43
		494023.17	301244.54
II. EXPENDITURE			
Decrease/ (Increase) in Stock	15	185876.56	(183750.87)
Cost of Raw Materials consumed		195474.87	357305.76
(Profit) from Farm Accounts	16	(185.60)	(211.61)
Salaries, Wages & Other Employees' Benefits	17	44356.75	44493.04
Other Manufacturing & Administrative Expenses	18	60733.69	80241.29
Selling Expenses	19	1064.61	822.41
Interest & Other Financial Charges	20	99774.82	104298.82
Depreciation		41720.73	42590.07
Adjustment relating to earlier years (Net)		678.28	1882.92
(Refer Note No. 8 of Schedule - 22)			
		629494.71	447671.83
III. Loss Before Tax		135471.54	146427.29
Add: Provision for Fringe Benefit Tax		20.00	165.19
IV. Loss After Tax		135491.54	146592.48
Balance brought forward		760965.30	614372.82
V. Balance carried to Balance Sheet		896456.84	760965.30
Earnings per Share (Nominal value per Share Rs. 10/-)			
(Refer Note No. 18 of Schedule - 22)			
- Basic/Diluted (Rs.)		(15.37)	(16.62)
Significant Accounting Policies	21		
Notes on Accounts	22		

Schedules '14' to '22' referred to above form an integral part of the Profit & Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For **Vipin Aggarwal & Associates**
Chartered Accountants

Sd/-
(CA. Vipin Aggarwal
Membership No. 016544)
Partner

New Delhi.
16th November, 2009

Sd/-
Neha Kejriwal
Company Secretary

Sd/-
Vimal Kumar Jain
Director

Sd/-
Dr. A. K. Saxena
Director

CASH FLOW STATEMENT

For the year ended 30th September, 2009

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Loss before Tax and Extraordinary Items		(135471.54)		(144544.37)
Adjustments to reconcile Net Loss before tax to Cash Flow provided by Operating Activities :				
Depreciation	41720.73		42590.07	
Interest (Net)	102587.59		104298.82	
Provision for Retirement Benefits of Employees	531.58		-	
Provisions Written Back	(15305.27)		-	
Inventories/ Assets Written off	-		479.25	
Unspent Liabilities and Balances written back	(85.62)		(7029.56)	
Sundry Debit Balances/Advances written off	5491.12		-	
Profit on Sale of Fixed Assets	(118.29)		(5.59)	
Loss on Sale/discard of Fixed Assets	13.57		1.14	
Investments written off	9809.11		-	
Provision for Diminution in Value of Investments	146.77		-	
Other Provisions	-		1114.82	
Prior Period	-		(1882.92)	
Share Issue Expenses written off	-		918.77	
Transfer to Storage Fund for Molasses	33.67		-	
		144824.96		140484.80
Operating Profit/(Loss) before Working Capital changes		9353.42		(4059.57)
Adjustments to reconcile Operating Profit/(Loss) to Cash Flow provided by Changes in Working Capital :				
Trade Debtors & Other Receivables	24900.32		(6721.21)	
Inventories	200475.25		(197774.31)	
Trade Payables and Other Liabilities	(16067.01)	209,308.56	23537.55	(180957.97)
Cash generated from Operations		218661.98		(185017.54)
Direct Taxes (paid) /Refund received		(728.91)		-
Cash Flow before Extraordinary Items		217933.07		(185017.54)
Extraordinary Items		-		-
Net Cash Generated / (Used) ~ Operating Activities		217933.07		(185017.54)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to Fixed Assets	(7747.53)		(17707.64)	
Sale of Fixed Assets	318.43		78.00	
Fixed Deposits made with Banks	(39.99)		-	
Interest Received on Fixed Deposits with Banks	28.22		-	
Net Cash Generated / (Used) ~ Investing Activities		(7440.87)		(17629.64)

CASH FLOW STATEMENT (Contd...)

(Rupees in Thousand)

	Year ended 30th September, 2009	Year ended 30th September, 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Loan from Holding Company	418233.64	312747.22
Repayment of Loan to Holding Company	(418233.64)	(3617.11)
(Repayment)/Proceeds from Other Borrowings (Net)	(111569.44)	-
Interest Paid to Holding Company	(100207.16)	(104298.82)
Interest Paid to Others	(2408.64)	-
Net Cash Generated / (Used) ~ Financing Activities	(214185.24)	204831.29
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(3693.04)	2184.11
Opening Cash & Cash Equivalents	17336.90	15368.07
Closing Cash & Cash Equivalents	13643.86	17552.18

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified under The Companies (Accounting Standard) Rules, 2006.
- Additions to Fixed Assets include movement of Capital Work - in - Progress during the year.
- Cash & Cash Equivalents include an amount of Rs.11516.03 Thousands (previous year Rs.12050.78 Thousands) which is old & unreconciled and against which an equivalent amount of provision has been made.
- Cash & Cash Equivalents do not include any amount other than that mentioned in point 3 above, which is not available to the Company for its use.
- Cash & Cash Equivalents at the end of the year consists of:

(Rupees in Thousand)

	As at 30th September, 2009	As at 30th September, 2008
a) Cash on hand	1014.27	172.89
b) Cheques on hand	89.59	-
c) Balance with Banks on Current Accounts	12540.00	17164.01
	13643.86	17336.90

- Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the Statement with the equivalent items as reported in the Balance Sheet :

(Rupees in Thousand)

	As at 30th September, 2009	As at 30th September, 2008
Cash & Cash Equivalents as per Cash Flow Statement	13643.86	17336.90
Add : Fixed Deposits classified as Investing Activities	255.26	215.28
Cash & Bank Balances as reported in Balance Sheet	13899.12	17552.18

- Figures in brackets represent cash outflow from respective activities.
- Previous year's figures have been regrouped / rearranged where ever found necessary to make them comparable with the current year figures.

This is the Cash Flow Statement referred to in our report of even date.

For **Vipin Aggarwal & Associates**
Chartered Accountants

Sd/-
(CA. Vipin Aggarwal
Membership No. 016544)
Partner

New Delhi.
16th November, 2009

Sd/-
Neha Kejriwal
Company Secretary

Sd/-
Vimal Kumar Jain
Director

Sd/-
Dr. A. K. Saxena
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

	As at 30th September, 2009		As at 30th September, 2008	
1 SHARE CAPITAL				
Authorised				
1,97,50,000 (Previous Year 1,97,50,000) Equity Shares of Rs.10/- each		197500.00		197500.00
25,000 (Previous Year 25,000) 10% Convertible Cumulative Preference Shares of Rs.100/- each		2500.00		2500.00
		200000.00		200000.00
Issued, Subscribed and Paid up				
95,67,270 (Previous Year 95,67,270) Equity Shares of Rs. 10/- each *		95672.70		95672.70
Less: Call Unpaid (Allotment money) **		7492.80		7492.80
		88179.90		88179.90

* Out of 95,67,270 Equity Shares 43,53,365 (Fully Paid Up) and 8,09,158 (Partly Paid Up) Equity Shares of Rs.10/- each held by Balrampur Chini Mills Limited, the Holding Company.

** Call Unpaid (Allotment money) amounting to Rs.7492.80 thousands shown outstanding are due from "Other than Directors".

(Rupees in Thousand)

	As at 30th September, 2009		As at 30th September, 2008	
2 RESERVES AND SURPLUS				
Capital Reserve				
Balance as per last account		13599.83		13599.83
Securities Premium				
Balance as per last account	378044.08		378044.08	
Less: Call Unpaid (Allotment money)	39450.47	338593.61	39450.47	338593.61
Debenture Redemption Reserve				
Balance as per last account		100.00		100.00
Storage Fund for Molasses				
Balance as per last account		-		-
Add: Transfer from Profit & Loss Account (Refer Note No. 3 of Schedule - 22)	33.67	33.67	-	-
		352327.11		352293.44

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

		As at 30th September, 2009	As at 30th September, 2008
3	SECURED LOANS		
A. Term Loan			
	State Bank of India (SBI) (Interest Free)	23000.00	23000.00
B. Inter Corporate Deposit			
	Balrampur Chini Mills Limited (Holding Company)	750000.00	750000.00
C. Cash Credit Account			
	State Bank of India (SBI)	131545.90	243115.34
		904545.90	1016115.34
Summary of Secured Loans			
	Loans from Bank	154545.90	266115.34
	Loan from Other	750000.00	750000.00
		904545.90	1016115.34

Notes:

- Interest Free Term Loan from SBI is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Maizapur and by way of Corporate Guarantee of the Holding Company and to be further secured by way of residual charge on immovable properties of Maizapur Unit. (due within a year Rs.2874.00 Thousands, previous year Nil.)
- Inter Corporate Deposit from Holding Company is secured by way of second charge on the entire current assets including book debts and movable fixed assets of the Company's sugar unit at Maizapur or at site or work or wherever else.
- Cash Credit with SBI is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future and by way of Corporate Guarantee of the Holding Company and to be further secured by way of first charge on entire fixed assets of Maizapur Sugar unit.
- Aggregate amount of Term loan payable with in a year Rs.2874.00 Thousands (Previous year Nil)

(Rupees in Thousand)

		As at 30th September, 2009	As at 30th September, 2008
4	UNSECURED LOANS		
Loan From Others			
	Deferred Sales Tax (Refer Note No. 9 (a) of Schedule - 22)	30838.24	30838.24
		30838.24	30838.24

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

5 FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.10.2008	Additions during the year	Deductions/ Adjustments during the year	Total As at 30.09.2009	Up to 30.09.2008	For the year	Deductions/ Adjustments during the year	Total Up to 30.09.2009	As at 30.09.2009	As at 30.09.2008
Land (Free hold)	14497.21	-	-	14497.21	-	-	-	-	14497.21	14497.21
Land (Lease hold)	3145.43	-	-	3145.43	-	-	-	-	3145.43	3145.43
Building & Office Premises	171014.76	-	-	171014.76	52248.55	5362.28	-	57610.83	113403.93	118766.21
Tubewell & Water Supply	120.64	11.27	(297.92)	429.83	81.90	4.29	9.20	76.99	352.84	38.74
Plant & Machinery	730443.92	6928.65	485.64	736886.93	382336.28	35385.07	(9.20)	417730.55	319156.38	348107.64
Furniture & Other Office Equipments	16802.04	648.95	65.11	17385.88	11882.18	882.82	39.13	12725.87	4660.01	4919.86
Motor Vehicles	12241.23	-	1690.76	10550.47	11381.75	86.27	1690.76	9777.26	773.21	859.48
Total	948265.23	7588.87	1943.59	953910.51	457930.66	41720.73	1729.89	497921.50	455989.01	490334.57
Previous Year Total	926522.24	22785.49	1042.50	948265.23	415349.48	42605.40	24.22	457930.66	490334.57	-
Capital Work-in-Progress	11234.58	8095.55	7936.88	11393.25	-	-	-	-	11393.25	11234.58
Capital Work-In-Progress (Previous Year)	15352.37	6667.91	10785.70	11234.58	-	-	-	-	11234.58	-
Grand Total	959499.81	15684.42	9880.47	965303.76	457930.66	41720.73	1729.89	497921.50	467382.26	501569.15
Previous Year Grand Total	941874.61	29453.40	11828.20	959499.81	415349.48	42605.40	24.22	457930.66	501569.15	-

(Rupees in Thousand)

	2008-09	2007-08
1) Depreciation for the year includes		
i) Excess depreciation for earlier years written back	43.50	-
2) Tube-well & water supply includes assets transferred from Plant & Machinery during the year	297.92	-

Notes:

1) Depreciation for the year includes

 i) Excess depreciation for earlier years written back

2) Tube-well & water supply includes assets transferred from Plant & Machinery during the year

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

	Face Value	Number of Shares /	As at 30th September,	Number of Shares /	As at 30th September,
6 INVESTMENTS					
Long Term Investments (At Cost)					
Other than Trade :					
In Equity Shares of Companies:					
Quoted, Fully Paid Up Equity Shares					
American Paints (India) Ltd. @	Rs.10/-	-	-	200,000	2000.00
Classic Global Security Ltd. @	Rs.10/-	-	-	8,400	164.00
Damania Capital Markets Ltd. @	Rs.10/-	-	-	60,100	1808.00
Easter India Ltd. @	Rs.10/-	-	-	1,000	37.00
Eastern Sugar Mills Ltd. @	Rs.10/-	-	-	23,000	230.00
Inland Printers Ltd. @	Rs.10/-	-	-	52,000	3124.11
KM Capital Ltd. @	Rs.10/-	-	-	16,500	214.00
Ram Gopal Poly Ltd. @	Rs.10/-	-	-	135,320	2232.00
VLS Finance Ltd	Rs.10/-	10,300	3842.00	10,300	3842.00
			3842.00		13651.11
Less : Provision for diminution in value of investments			3689.56		13351.90
			152.44		299.21
In Government Securities :					
(Deposited with Government authorities)					
Post Office National Saving Certificates			2.00		2.00
			154.44		301.21
Aggregate Market Value of Quoted Investments			152.44		106.61

@ Market Value of Investments not available

(Rupees in Thousand)

	As at 30th September, 2009	As at 30th September, 2008
7 INVENTORIES (At lower of cost and net realisable value)		
Stores & Spare Parts	22853.32	26620.46
Loose Tools	2574.27	1850.98
Molasses	-	622.40
Bagasse	997.68	304.56
Finished Goods		
Sugar	49352.45	243963.69
Work in Progress		
Sugar	198.92	2918.32
Molasses	7.34	-
Standing Crop	877.18	1056.00
	76861.16	277336.41
Note:- Stock in transit included in Stock of Stores & Spare Parts	22.79	-

(Rupees in Thousand)

	As at 30th September, 2009	As at 30th September, 2008
8 SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period less than six months		
Considered Good	126.72	26803.86
	126.72	26803.86

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

		As at 30th September, 2009		As at 30th September, 2008	
9	CASH AND BANK BALANCES				
Cash and Cheques on hand (As certified)					
	Cash on Hand	1014.27		172.89	
	Cheques on Hand	89.59	1103.86	–	172.89
Bank Balances :					
With Scheduled Banks :					
	On Current Accounts	12540.00		17164.01	
	Less: Provision for old and unreconcilled balances	11516.03		12050.78	
		1023.47		5113.23	
	On Fixed Deposit Account	255.26	1279.23	215.28	5328.51
	(Refer Note No. 3 of Schedule - 22)				
			2383.09		5501.40

(Rupees in Thousand)

		As at 30th September, 2009		As at 30th September, 2008	
10	OTHER CURRENT ASSETS				
	Interest Accrued on Investment & Fixed Deposits		33.39		–
			33.39		–

(Rupees in Thousand)

		As at 30th September, 2009		As at 30th September, 2008	
11	LOANS & ADVANCES (Unsecured, considered good except stated otherwise)				
Advances					
	Advances recoverable in cash or in kind or for value to be received or pending adjustment				
	Considered Good	34240.51		33154.62	
	Considered Doubtful	31598.39		36559.79	
		65838.90		69714.41	
	Less: Provision for Doubtful Advances	31598.39	34240.51	36559.79	33154.62
Balances with Excise Authorities etc.					
	Considered Good	1484.39		2091.09	
	Considered Doubtful	2922.79		2922.79	
		4407.18		5013.88	
	Less: Provision for Doubtful Excise duty Advance	2922.79	1484.39	2922.79	2091.09
Security Deposits					
	Considered Good	85.00		85.00	
	Considered Doubtful	12601.00		12601.00	
		12686.00		12686.00	
	Less: Provision for Doubtful Deposits	12601.00	85.00	12601.00	85.00
			35809.90		35330.71

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

	As at 30th September, 2009		As at 30th September, 2008	
12 CURRENT LIABILITIES				
Sundry Creditors				
Total outstanding dues of Micro and Small Enterprises (Refer Note No. 4 of Schedule - 22)	145.95		–	
Total outstanding dues of creditors other than Micro and Small Enterprises	52551.88	52697.83	80061.40	80061.40
Advance from Customers		327.07		–
Other Liabilities		13939.51		5069.77
		66964.41		85131.17

(Rupees in Thousand)

	As at 30th September, 2009		As at 30th September, 2008	
13 PROVISIONS				
Provision for Tax	2034.15		–	
Less: Advance Payment of Tax	1463.44	570.71	–	–
Provision for Retirement Benefits of Employees		6813.90		6282.32
Provision for Contingencies (Refer Note No. 21 of Schedule - 22)		28967.63		28967.63
		36352.24		35249.95

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
14 OTHER INCOME				
Insurance Claim		361.86		–
Provision for Fall in value of investments/Doubtful Debts & Advances/Old and unreconciled bank balances written back		15305.27		–
Unspent Liabilities / Balances written back		85.62		9317.41
Profit on Sale of Fixed Asset		118.29		–
Rent (Gross)		0.10		1.70
Miscellaneous Income (Gross)		112.71		1530.32
		15983.85		10849.43

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
15 DECREASE / (INCREASE) IN STOCK				
Opening Stock				
Sugar	243963.69		50416.51	
Molasses	622.40		–	
Bagasse	304.56		337.49	
Work-in-Progress	2918.32	247808.97	107.14	50861.14
Closing Stock				
Sugar	49352.45		243963.69	
Molasses	–		622.40	
Bagasse	997.68		304.56	
Work-in-Progress	206.26	50556.39	2918.32	247808.97
		197252.58		(196947.83)
Add/Less :-Excise Duty & Cess on Stock (Refer Note No. 5 of Schedule-22)		11376.02		(13196.96)
		185876.56		(183750.87)

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
16 FARM ACCOUNT				
Sales		1053.99		339.56
Miscellaneous Receipt		25.00		–
Closing Stock of Standing Crop		877.18		1056.00
(Profit) transferred to Profit & Loss Account		(185.60)		(211.61)
		1770.57		1183.95
Opening Stock of Standing Crop		1056.00		244.00
Cane Seed Purchase		65.33		130.21
Fertilisers & Manures		121.53		255.89
Salary & Wages		248.13		286.95
Irrigation & Cultivation Expenses		279.58		241.16
Repairs - Others		–		25.74
		1770.57		1183.95

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
17 SALARIES, WAGES & OTHER EMPLOYEES' BENEFITS				
Salaries, Wages, Bonus etc.		38639.50		38085.60
Contribution to Provident, Gratuity & Other Funds (including provisions)		5171.65		5067.83
Workmen & Staff Welfare Expenses		545.60		1339.61
		44356.75		44493.04

(Rupees in Thousand)

	Year ended 30th September, 2009		Year ended 30th September, 2008	
18 OTHER MANUFACTURING & ADMINISTRATIVE EXPENSES				
Consumption of Stores & Spare Parts		8251.02		28447.94
Power & Fuel		5971.95		4664.83
Filling & Packing Expenses		462.65		1167.18
Rent		211.27		360.17
Rates & Taxes		499.95		800.73
Repairs				
Plant & Machinery	16019.10		11967.34	
Buildings	1102.17		1179.07	
Others	1034.87	18156.14	1191.83	14338.24
Insurance		1026.90		1160.61
Payment to Auditors		645.63		571.01
(Refer Note No. 6 of Schedule -22)				
Miscellaneous Expenses		9968.74		15730.53
Charity & Donation		17.70		–
Directors Fees		27.50		30.50
Loss on Sale of Fixed Assets		13.57		–
Investments written off		9809.11		–
Provision for Unconfirmed Bank Balances		–		12,050.78
Provision for Diminution In Value of Investments		146.77		–
Sundry Debit Balances/Advances written off		5491.12		–
Share Issue Expenses written off		–		918.77
Transfer to Storage Fund for Molasses		33.67		–
		60733.69		80241.29

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rupees in Thousand)

		Year ended 30th September, 2009		Year ended 30th September, 2008	
19	SELLING EXPENSES				
	Brokerage		819.45		656.21
	Despatching & Forwarding Expenses		234.79		166.20
	Others		10.37		–
			1064.61		822.41

(Rupees in Thousand)

		Year ended 30th September, 2009		Year ended 30th September, 2008	
20	INTEREST & OTHER FINANCIAL CHARGES				
	On ICD from Holding Company (Fixed Loan)	100207.16		103682.00	
	On Other Loans (including Financial Charges)	2408.64	102615.80	616.82	104298.82
	Less : Interest Income (Gross) *				
	On Term Deposits with Banks	28.22		–	
	On Others (Deposits Etc.)	2812.76	2840.98	–	–
	(Refer Note No. 9 (b) of Schedule - 22)				
			99774.82		104298.82
	Note:- * Tax deducted at Source on Interest (Rs. in Thousands)		599.03		–

21 SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are stated below:

1. Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation. Cost of Acquisition or construction is inclusive of freight, duties, taxes, financial costs and other related expenses up to the date of commissioning of the assets.
- The Company is following straight line method of depreciation in respect of all fixed assets at the rates specified in Schedule XIV to the Companies Act, 1956 (as amended).
- Expenditure during construction period :
Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital-Work-in-Progress".
- Lease hold land value is not amortised in view of the long term nature of the lease.

2. Investments

Trade investments are the investments made to enhance the Company's business interest. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost includes acquisition charges such as brokerage fee and duties.

3. Inventories

- Inventories including Finished Goods (other than By-products, Scrap and Standing crop) are valued at lower of cost or net realisable value. The cost of Finished goods and work-in-process include cost of conversion and other cost incurred in bringing the Inventories to their present location and condition. Cost is determined by using FIFO method and does not include recoverable taxes.
- By-products (Molasses & Bagasse), Scrap and Standing Crop are valued at net realisable value.

4. Share Issue Expenses

These are equally amortised over a period of five years.

SCHEDULES FORMING PART OF THE ACCOUNTS

21 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

5. Revenue Recognition

- a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.
- b) Gross turnover includes excise duty but excludes sales tax.
- c) Dividend income is accounted for in the year it is declared.
- d) All other income are accounted for on accrual basis except interest on calls in arrears, which is accounted for on receipt basis.

6. Expenses

All the expenses are accounted for on accrual basis.

7. Employee Benefits

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.
- b) Long-term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employee has rendered service. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Profit & Loss Account.

8. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till such time assets are ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue in the period in which it is incurred.

9. Insurance Claims

Accounted for on settlement of claims.

10. Government Grants & Subsidies

- a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not relating to a specific fixed asset, it is credited to Capital Reserve.
- b) Government grants related to revenue items are adjusted with the related expenditure. If not relating to a specific expenditure, it is taken as income.

11. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

12. Impairment of Assets

Impairment losses, if any, are recognised in accordance with the Accounting Standard notified under The Companies (Accounting Standard) Rules, 2006.

13. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Re-imbursment expected in respect of expenditure incurred to settle a provision is recognised only when it is virtually certain that the re-imbursment will be received.

A Contingent Asset is not recognised in the Accounts.

14. Foreign Currency Transactions

- a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.
- c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference. The premium or discount on forward exchange contracts is amortised over the period of the respective contract.
- d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Profit & Loss Account.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS

(Rupees in Thousand)

	As at 30th September, 2009	As at 30th September, 2008
1. a) Estimated amount of Contracts remaining to be executed on Capital Account & not provided for	1329.36	141.59
b) Advances paid against above	–	48.27
2. Contingent liabilities not provided for in respect of :		
a) Differential Cane Price for the Sugar Season 2007-08 pending disposal of the Writ filed by the U.P. Sugar Mills Association of which the Company is a member, in Hon'ble Supreme Court of India.	38407.00	38407.00
b) Bank guarantee provided to U.P. pollution Control Board for granting consent of Air and water backed by FDRs of the same amount.	–	100.00

3. Fixed Deposits with Banks include an amount of Rs.155.26 Thousands specifically earmarked for construction of Molasses Storage Tank.

4. The amount due to Micro Enterprises and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro Enterprises and Small Enterprises as on 30th September, 2009 are as under:

Sl.No.	Description	2008-09
i)	The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	–
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year *	–
iii)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year 2008-09	–
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	32.95
v)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year *	32.95
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro Enterprises and Small Enterprises.	–

The previous year's figures are not given, as there were no reported Micro and Small Enterprises upto 30th September, 2008.

* Included in the line item total Rs.145.95 Thousands under 'Schedule 12'.

5. Excise Duty & Cess on Stock :

The amount of Excise Duty & Cess on Stock shown in Schedule - 15 represents differential Excise Duty & Cess on Opening & Closing Stock of finished goods/by products.

6. Payment to Auditors include:

(Rupees in Thousand)

Particulars	2008-09	2007-08
i) For Statutory Audit	182.00	185.39
ii) For Tax Audit & Income Tax Matters	369.51	325.84
iii) For Limited Review	49.94	50.56
iv) For Certification Work	12.13	9.22
v) Reimbursement of Expenses	32.05	–
	645.63	571.01

7. Computation of Net Profit for the purpose of calculating Directors Remuneration has not been made as no remuneration is paid/payable to the Directors except Sitting Fees.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

8. Details of Adjustment relating to earlier years (Net) : (Rupees in Thousand)

	2008-09	2007-08
a) Expenses		
i) Salary, Wages & Others Employee Benefits	401.97	1,882.92
ii) Rent, Rates & Taxes	196.89	-
iii) Miscellaneous Expenses	104.91	-
	703.77	1,882.92
b) Income		
i) Miscellaneous Income	25.49	-
	25.49	-
Adjustment relating to earlier years (Net) (a - b)	678.28	1,882.92

9. a) The Government of Uttar Pradesh has initiated recovery proceedings for recovery of Sales Tax dues related to Explosive unit at Jhansi, pursuant to which, the factory at Jhansi has been seized by the Government authorities. All the assets located at factory including records there at remain seized till the year end. Out of the above assets, certain assets pertaining to the said unit have been auctioned by the office of the labour commissioner, Jhansi, against which a sum of Rs. 803.00 Thousands is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.
- b) Pursuant to recovery proceedings initiated by U.P. State Government for the recovery of pending dues of Cane Growers and for giving effect to the Recovery Certificates amounting to Rs. 156100.00 Thousands, all the moveable & immovable assets of the sugar unit located at Maizapur, District Gonda (U.P.) were seized by the District Administration on August 12, 2002. Towards the said recovery Certificate Distt. Administration sold the entire stocks belonging to the Company and deposited the sale proceeds amounting to Rs. 125041.00 Thousands with Registrar, Allahabad High Court. The Company has also deposited a sum of the Rs. 32331.00 Thousands with the Hon'ble High Court towards the said recovery and other cane dues. Out of the said amount, Rs. 149331.00 Thousands had been released by the Court to the Cane Commissioner leaving a balance of Rs. 8041.25 Thousands in the Court, which is being reflected under the head "Loans and Advances". On the said balance with the Court, Interest Income is receivable for the current year which has been duly accounted for, on the basis of TDS Certificate (Form 16A) received from SBI High Court Branch Lucknow.
- c) The Company's net worth has been fully eroded as the accumulated losses Rs. 896456.84 Thousands exceeded its shareholders' holder fund of Rs. 440507.01 Thousands. The Company has been registered with the BIFR. The Operating Agency (i.e. State Bank of India) has submitted a draft rehabilitation Scheme to the BIFR. The rehabilitation strategy envisages reliefs and concessions from the Central Government, State Government and Other Agencies and also induction of fresh fund by the promoters/ associates to finance the cost of the scheme. At present, the sugar unit of the Company is in operation. SBI / Holding Company is providing the Working Capital funds for its Operation. Accordingly, the Company has considered that it will be able to continue as a going concern entity.
10. The un-reconciled old bank balances amounting to Rs. 11516.03 Thousands have been considered doubtful and shown under the head 'Cash & Bank Balances'. Provision for doubtful bank balances have been made in the books. The amount includes Rs.1545.08 Thousands realized from the auction of molasses during the year 2002-03, kept with Gonda District Administration and Allahabad Bank, Gonda Branch in a no-lien account subject to disposal as per the order of Hon'ble Allahabad High Court, Lucknow Bench, Lucknow do not seem to be recoverable hence provision for doubtful balances have been made in the accounts.
11. a) In the opinion of management, the "Loans and Advances" have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. Further, in respect of certain items which were long outstanding, necessary provision has been made.
- b) i) Rs. 11260.00 Thousands given as share application money and included in Loans and Advances against which shares are yet to be issued by the concerned companies are still considered to be good, there by no provision has been made for the same.
- ii) Loans and Advances includes Rs. 7135.53 Thousands paid under protest with Sales Tax Authorities towards Sales Tax dues, against which liability for Rs. 28967.63 Thousands have been provided.
12. Pending final settlement, Interest on statutory liabilities outstanding for a long period has not been provided, as the quantum thereof is not ascertainable.
13. Interest receivable (net of interest payable) on allotment money remaining unpaid in respect of Equity Shares issued on conversion of 12% Convertible Debentures will be accounted for on receipt basis.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

14. Employee Benefits.

As per Accounting Standard - 15 the disclosure of "Employee Benefits" as defined in the Accounting Standard are as follows:

Defined Benefit Plan:

Post employment and other long-term employee benefits in the forms of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefit obligation recognised in the Accounts represent the present value of the obligation as adjusted for unrecognised past service cost.

The amount recognised in the Profit & Loss Account in respect of Employees Benefits Schemes based on actuarial reports is as follows :

a) Details of unfunded post retirement defined obligation are as follows:

(Rupees in Thousand)

Particulars	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I. Actuarial Assumptions				
1. Discount Rate (%)	7.50	7.50	8.50	8.50
2. Salary Increase (%)	5.00	5.00	6.00	6.00
3. Retirement / Superannuation Age. (Year)	60.00	60.00	58.00	58.00
4. Mortality	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994-96
II. Change in Present Value of Defined Benefit Obligation :				
1. Present value of Defined Benefit Obligation at the Beginning of the Year.	1,271.56	699.10	977.68	673.55
2. Interest Cost	94.73	29.80	60.42	39.15
3. Current Service Cost	810.50	149.76	829.61	176.76
4. Benefit Paid	16.86	603.41	533.77	425.80
5. Actuarial Gain (Loss)	359.79	194.37	(62.38)	235.44
6. Present Value of Defined Benefit Obligation at the end of the year.	2519.72	469.62	1271.56	699.10
III. Net Asset/ (Liability) recognised in the Balance Sheet as at year end:				
1. Present value of Defined Benefit Obligation	2519.72	469.62	1271.56	699.10
2. Funded Status	-	-	-	-
3. Net Asset / (Liability) in the Balance Sheet	(2519.72)	(469.62)	(1271.56)	(699.10)
IV. Components of Employer Expense:				
1. Current Service Cost	810.50	149.76	829.61	176.76
2. Interest Cost	94.73	29.80	60.42	39.15
3. Actuarial Gain/(Loss) recognised in the year	359.79	194.37	(62.38)	235.44
4. Expense Recognised in Statement of Profit & Loss Account	1265.02	373.93	827.65	451.35

b) The gratuity expenses have been recognised under "Contribution to Provident, Gratuity & Other Funds" and Leave Encashment under "Salaries, Wages, Bonus, etc." under Schedule - '17'.

15. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company operates in Single Primary Business Segment namely manufacture of Sugar. Hence, no separate disclosure is required to be made. The information about secondary segment has not been furnished as there is no export revenue of the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

16. Related party disclosures as per Accounting Standard - 18 are given below:

a) Transaction with Related Parties:

(Rupees in Thousand)

Nature of transaction	2008-09	2007-08
Transaction with - Balrampur Chini Mills Limited (Holding Company)		
i) Sale of Raw Materials	6300.10	27260.94
ii) Sale of Molasses	10851.34	-
iii) Sale of Store Materials and Others	795.28	1704.44
iv) Sale of Fixed Assets	-	35.84
v) Purchase of Raw Materials	655.29	1029.00
vi) Purchase of Store Materials and Others	917.58	2393.31
vii) Purchase of Fixed Assets	-	600.16
viii) Recovery of Expenses	1482.74	6482.91
ix) Reimbursement of Expenses	1608.65	38905.60
x) Inter- Corporate Deposit Loan Taken	418233.64	524023.00
xi) Inter- Corporate Deposit Loan paid back	418233.64	-
xii) Interest Paid	100207.16	103682.00
xiii) Inter Corporate Deposit Outstanding	750000.00	750000.00

@ Maximum amount outstanding during the year Rs. 995000.00 Thousand (Previous year Rs. 1019445.00 Thousands).

b) No amount has been written back/ written off during the year in respect of due to / from related parties.

c) The transactions with related parties have been entered at an amount which are not materially different from that on normal commercial terms.

d) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

17. Disclosure under clause 32 of the Listing Agreement:

The are no transactions other than transactions with Holding Company as given in Para 16 (a) (xiii) which are required to be disclosed under clause 32 of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are Listed.

18. Earning Per Share

Earning per Share - The numerators and denominators used to calculate Basic/ Diluted Earning per Share :

	2008-09	2007-08
a) Amount used as the numerator (Rupees in Thousands)		
Loss after Tax	135491.54	146592.48
Total - (A)	135491.54	146592.48
b) Weighted average number of Equity Shares used as the denominator for		
Basic Earnings per Share - (B)	8817990	8817990
c) Nominal value of Equity Share (Rs.)	10	10
d) Basic / Diluted Earnings per Share (Rs.)	(15.37)	(16.62)

19. In accordance with Accounting Standard 22 "Accounting for taxes on Income Tax", issued by The Institute of Chartered of Accountants of India, the Company has not accounted for deferred tax during the year. The Company has significant amount of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, as a matter of prudence deferred tax assets have not been recognised.

20. Disclosure pursuant to AS - 28 on "Impairment of Assets"

Due to seizure of Company's explosive plant at Jhansi, the condition of the plant & machineries and other fixed assets there at and the impairment loss, if any, in respect thereof could not be determined, pending which no provision for such impairments, if any, could be made in the accounts. Further, for assets at Company's Sugar Unit, situated at Maizapur, U.P. impairment loss if any, are recognised in accordance with the accounting standard notified under The Companies (Accounting Standard) Rules, 2006.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

21. Disclosure in terms of Accounting Standard – 29 on Provisions, Contingent Liabilities and Contingent Assets:

a) Movement for Provision for Liabilities:

(Rupees in Thousand)

Particulars	Duties & taxes	Others	Amount
Balance as at 1st October, 2008	28967.63	-	28967.63
Provided during the year	-	-	-
Amount used during the year	-	-	-
Reversed during the year	-	-	-
Balance as at 30th September, 2009.	28967.63	-	28967.63
Timing of outflow/uncertainties.		Outflow on settlement/crystallization.	

b) The Contingent Liabilities mentioned at Sl. No. 2 & 21(a) respectively are dependent upon Court decision/ out of court settlement /disposal of appeals etc.

c) No reimbursement is expected in the case of Contingent liabilities and liabilities shown respectively under Sl. No. (2) & 21(a) above and in view of this, no asset has been recognised for the expected reimbursement.

22. a) Calls in arrears and deferred Sales Tax Liabilities are under reconciliation. Necessary adjustment, if any, will be made after reconciliation.

b) The installments for payment of deferred Sales Tax converted into unsecured loan by Sales Tax department are overdue. The same has not been paid and the interest thereon, if any, has not been provided in the accounts, as the quantum thereof is not ascertainable.

23. Balances shown under Sundry Creditors and advances are subject to confirmation and reconciliation with the parties.

24. Lease Deed for 50 Acre of Land (Out of Total land of 705 acres) for Jhansi Plant has not been executed. In respect of some other land, the registration formalities are under process.

25. The Board for Industrial & Financial Reconstruction had vide its Order dated 23rd October, 2008 declared Indo Gulf Industries Ltd (IGIL) a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Company (Special Provisions) Act, 1985 and appointed State Bank of India (SBI) as Operating Agency under Section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme, IGIL submitted a Draft Rehabilitation Scheme to SBI which is based on demerger of Sugar unit of the Company, situated at Maizapur, U.P and merger of the said sugar unit with the Holding Company Balrampur Chini Mills Ltd. (BCML). The explosive unit of IGIL is proposed to be continued as the sole unit of IGIL. The State Bank of India after examining the viability of the Scheme has submitted the same to the BIFR for their approval.

26. Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of Part - II of Schedule VI to the Companies Act, 1956:

A. QUANTITATIVE INFORMATION:

	2008-09	2007-08
i) Licensed Capacity		
Slurry Explosive	10000 M.T.	10000 M.T.
Blasting Agent	35000 M.T.	35000 M.T.
Cast booster	20 M.T	20 M.T
Detonating Fuse	5 Million Meters	5 Million Meters
Sugar	N.A.	N.A.
ii) Installed Capacity (As certified by the Management)		
Slurry Explosive	10000 M.T.	10000 M.T.
Blasting Agent	35000 M.T.	35000 M.T.
Cast booster	20 M.T	20 M.T
Detonating Fuse	5 Million Meters	5 Million Meters
Sugar	3000 TCD	3000 TCD

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

iii) Particulars of Goods Manufactured

(Rupees in Thousand)

Class of Goods	Unit	Production		Sales	
		Quantity	Quantity	Quantity	Amount
a) Sugar	Qtls.	110,109 (285,780)	^	229,814 (180,329)	481796.85 (280473.67)
b) Molasses	Qtls.	65,300 (146,026)	#	67,762 (143,564)	21351.89 (32152.68)
c) Bagasse	Qtls.	456,725 (980,112)	§	429,000 (982,929)	1546.14 (2496.41)
d) Miscellaneous				-	176.67 -
Total					504871.55 (315122.76)

	Unit	2008-09 Quantity	200708 Quantity
^ Includes process/storage loss	Qtls.	208	-
# Includes auto combustion/storage loss	Qtls.	419	295
§ Includes captive consumption	Qtls.	368,392	886,540

(Rupees in Thousand)

Class of Goods	Unit	Opening Stock		Closing Stock	
		Quantity	Amount	Quantity	Amount
a) Sugar	Qtls.	140,052 (34,601)	243963.69 (50416.51)	20347 (140052)	49352.45 (243963.69)
b) Molasses	Qtls.	2,462 (-)	622.40 (-)	-	-
c) Bagasse	Qtls.	12,183 (15,000)	304.56 (337.49)	39,908 (12,183)	997.68 (304.56)
			244890.65 (50754.00)		50350.13 (244890.65)

B RAW MATERIALS CONSUMED (Cent percent indigenous)

(Rupees in Thousand)

	Quantity (in Qtls)	Amount
a) Sugar Cane	1308719.74 (2970538.99)	195474.87 (357305.76)

(Rupees in Thousand)

	Percentage (%)	Amount
C CONSUMPTION OF STORES & SPARE PARTS (Cent percent indigenous)	100.00 (100.00)	8251.02 (28447.94)
D EXPENDITURE IN FOREIGN CURRENCY		NIL (NIL)
E. EARNINGS IN FOREIGN EXCHANGE		NIL (NIL)
F VALUE OF IMPORT ON C.I.F. BASIS		NIL (NIL)

Note : Figures in brackets pertain to previous year.

SCHEDULES FORMING PART OF THE ACCOUNTS

22 NOTES ON ACCOUNTS (Contd...)

27. Balance Sheet Abstract & Company's General Business Profile

	(Rs. in Thousands)
a) Registration details :	
Company Identification No.	L74900DL1981PLC011425
State Code	55
Balance Sheet Date	30th September, 2009
b) Capital raised during the year	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
c) Position of mobilisation and deployment of funds	
Total Liabilities	1375891.15
Total Assets	1375891.15
SOURCES OF FUNDS	
Paid up Capital	88179.90
Reserve & Surplus	352327.11
Secured Loans	904545.90
Unsecured Loans	30838.24
	1375891.15
APPLICATION OF FUNDS	
Net Fixed Assets	467382.26
Investments	154.44
Net Current Assets	11897.61
Accumulated Losses	896456.84
	1375891.15
d) Performance of the Company	
Turnover (including Other Income)	494023.17
Total Expenditure	629494.71
Profit before Tax	(135471.54)
Profit after Tax	(135491.54)
Earnings per Share (Rs.)	(15.37)
Dividend Rate (%)	Nil
e) Generic names of three principal products of the Company	
Product Description	Item Code No. (ITC Code)
Industrial Explosive	36020009
Sugar	170111.90

28. Previous year's figures have been re-grouped / re-arranged wherever found necessary to make them comparable with those of the current year.

Signatories to all foregoing Schedules '1' to '22' forming part of the Accounts.

For **Vipin Aggarwal & Associates**

Chartered Accountants

Sd/-

(CA. Vipin Aggarwal
Membership No. 016544)
Partner

New Delhi.

16th November, 2009

Sd/-

Neha Kejriwal
Company Secretary

Sd/-

Vimal Kumar Jain
Director

Sd/-

Dr. A. K. Saxena
Director

BALRAMPUR OVERSEAS PVT LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 September 2009.

Principal Activities

The principal activity of the Company was trading.

Results and Affairs

The results and cash flows of the Company for the year ended 30 September 2009 and the state of its affairs at that date are set out in the annexed financial statements.

Directors

The directors during the year were:

Kedar Nath Ranasaria

Kishor Shah

Santosh Kumar Agrawala

There being no provision in the Company's articles of association for retirement by rotation, all the director continue in office.

Directors' Interests

No contracts of significance in relation to the Company's business

to which the Company was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Auditors

The financial statements have been audited by Golden Mark & Company, Certified Public Accountants who retire and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board

Sd/-

Sd/-

Kishor Shah
Director

Santosh Kumar Agrawala
Director

Hong Kong,

Date: 18.11.2009

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

BALRAMPUR OVERSEAS PVT LIMITED (incorporated in Hong Kong with limited liability)

We have audited the financial statements of Balrampur Overseas Pvt. Limited, which comprise the balance sheet as at 30 September, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from materials misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its loss and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Sd/-

GOLDEN MARK & COMPANY
Certified Public Accountants

Date: 18.11.2009

Hong Kong,

INCOME STATEMENT For the year ended 30th September 2009

(HK\$)

	Notes	Year ended 30/9/2009	13/9/2007 to 30/9/2008
Turnover	3	--	--
Other Income	3	2552	16371
Administrative Expenses		(27234)	(470844)
Loss Before Taxation	4	(24682)	(454473)
Income Tax	5	--	--
Loss for the year / period		(24682)	(454473)

The notes form part of the financial statements.

BALANCE SHEET As at 30th September, 2009

(HK\$)

	Notes	2009	2008
Current Assets			
Prepayments		4825	4975
Cash at Bank		1531620	1556152
		1536445	1561127
Current Liabilities			
Accrued Expenses		15600	15600
		15600	15600
Net Current Assets		1520845	1545527
Net Assets		1520845	1545527
Financed by:			
Share Capital	6	2000000	2000000
Accumulated Losses		(479155)	(454473)
Shareholders' Fund		1520845	1545527

The notes form part of the financial statements.

Approved by:

Sd/-

Kishor Shah
Director

Sd/-

Santosh Kumar Agarwala
Director

STATEMENT OF CHANGES IN EQUITY For the year ended 30th September 2009

(HK\$)

	Share Capital	Accumulated loss	Total
Issue of Share Capital	2000000	--	2000000
Loss for the first period	--	(454473)	(454473)
Balance at 30 September 2008	2000000	(454473)	1545527
Balance at 1 October 2008	2000000	(454473)	1545527
Loss for the year	--	(24682)	(24682)
Balance at 30 September 2009	2000000	(479155)	1520845

The notes form part of the financial statements.

CASH FLOW STATEMENT

For the year ended 30th September 2009

(HK\$)

	Year ended 30/9/2009	13/9/2007 to 30/9/2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss Before Taxation	(24682)	(454473)
<i>Adjustments for:</i>		
Interest Income	(2549)	(16282)
	(27231)	(470755)
Decrease/(Increase) in prepayments	150	(4975)
Increase in accrued expenses	--	15600
	(27081)	(460130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	2549	16282
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Share Capital	--	2000000
Net (Decrease)/Increase in Cash and Cash Equivalents	(24532)	1556152
Cash and Cash Equivalents At 1 October	1,556152	--
Cash and Cash Equivalents At 30 September	1531620	1556152
Analysis of Balance of Cash and Cash Equivalents		
Cash at Bank	1531620	1556152

The notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30th September, 2009

1. GENERAL

The Company is a private limited Company incorporated in Hong Kong.

The Company's registered office is located at Room 1001-1002, 10/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is trading.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies is set out below.

The measurement basis adopted is the historical cost convention.

b. Income recognition

Interest income is recognised on time proportion basis.

c. Translation of foreign currencies

The financial statements are stated in Hong Kong dollars.

Foreign currency transactions during the year are translated at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Exchange gains and losses arising are dealt with in the income statement.

3. TURNOVER AND REVENUE

The Company has no business turnover for the year.

Other Income represents

(HK\$)

	Year ended 30/9/2009	13/9/2007 to 30/9/2008
Interest Income	2549	16282
Exchange Gain	3	89
	2552	16371

NOTES TO THE FINANCIAL STATEMENTS 30th September, 2009

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging:

(HK\$)

	Year ended 30/9/2009	13/9/2007 to 30/9/2008
Audit fee	7800	7800
Bank interest	5	--
Directors' remuneration fee		
Other emoluments	--	--
Incorporation fee	--	15000
Management fee	18194	28240

5. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Company did not earn income subject to Hong Kong Profits Tax during the year.

6. SHARE CAPITAL

(HK\$)

	2009	2008
Authorized, issued and fully paid:		
2,000,000 shares of HK\$1 each	2000000	2000000

The Company's objectives when managing capital are to safeguard the Company's ability as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital.

7. FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The nature of financial instrument risks comprises credit risk, liquidity risk, currency risk, interest rate risk and market price risk.

At 30 September 2009, the Company has no significant exposure to these risks.

8. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the Company's parent and ultimate holding Company to be Balrampur Chini Mills Limited, a Company incorporated in India and has not produced financial statements available for public use.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 18.11.2009.

CORPORATE INFORMATION

Chairman Emeritus

Kamal Nayan Saraogi

Board of Directors

Naresh Chandra (IAS Retd.), *Chairman*

Vivek Saraogi, *Managing Director*

Meenakshi Saraogi,

Joint Managing Director

R.K. Choudhury, *Director*

S.B. Budhiraja, *Director*

R. Vasudevan (IAS Retd.), *Director*

Kishor Shah, *Director cum*

Chief Financial Officer

Dr. Arvind Krishna Saxena,

Whole-time Director

Secretary

S.K. Agrawala

Board Committees

Audit Committee:

S.B. Budhiraja, *Chairman*

R.K. Choudhury, *Vice Chairman*

Vivek Saraogi

R. Vasudevan

Shareholders'/Investors'

Grievance Committee:

R.K. Choudhury, *Chairman*

Vivek Saraogi

S.B. Budhiraja

Remuneration Committee:

Naresh Chandra, *Chairman*

R.K. Choudhury

S.B. Budhiraja

R. Vasudevan

Share Transfer Committee:

Vivek Saraogi

Meenakshi Saraogi

R.K. Choudhury

Kishor Shah

Solicitors and Advocates

Khaitan & Co.

1B, Old Post Office Street,
Kolkata 700 001

Bankers

State Bank of India

Auditors

G.P. Agrawal & Co.

Chartered Accountants

Registered office

FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road,
Kolkata 700 020

Sugar Factories

Unit 1: Balrampur

(Including Distillery, Organic Manure
and Co-generation units)

Dist: Balrampur, Uttar Pradesh

Unit 2: Babhnan

(Including Distillery, Organic Manure
and Co-generation units)

Dist: Gonda, Uttar Pradesh

Unit 3: Tulsipur

Dist: Balrampur, Uttar Pradesh

Unit 4: Haidergarh

(Including Co-generation unit)

Dist: Barabanki, Uttar Pradesh

Unit 5: Akbarpur

(Including Co-generation unit)

Dist: Ambedkar Nagar, Uttar Pradesh

Unit 6: Rauzagaon

(Including Co-generation unit)

Dist: Faizabad, Uttar Pradesh

Unit 7: Mankapur

(Including Distillery, Organic Manure
and Co-generation units)

Dist: Gonda, Uttar Pradesh

Unit 8: Kumbhi

(Including Co-generation unit)

Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 9: Gularia

(Including Co-generation unit)

Dist: Lakhimpur Kheri, Uttar Pradesh