bajaj hindusthan ltd.

Seventy Ninth Annual Report 2009-10

Let's nurture.

CII

Confederation of Indian Industry
Since 1895

National Award for
Excellence in Water Management 2010

This is to certify that

BAJAJ HINDUSTHAN LTD, MUMBAI

Has been awarded for "Excellent Water Management Initiative - Beyond the fence"

This is being given on completion of the National Competition for Excellence in Water Management held on 10 - 11 December 2010 at Hyderabad.

RANGANATH N K
Chairman
Water Management Council
CII - Godrej GBC

L S GANAPATI
Chairman
National Award for
Excellence in Water Management 2010

Acknowledged for bringing a positive change, Bajaj Hindusthan Ltd has won the CII (Confederation of Indian Industries) National Award for Excellence in Water Management for 2010. The award recognises Bajaj Hindusthan's water conservation and rain water harvesting efforts in Wardha district of Maharashtra undertaken through Kamalnayan Jamnalal Bajaj Foundation (KJBF). The Integrated Water Resource Development program, led by experts from Bajaj Hindusthan, covered 201 villages and implemented ingenious methods to conserve water and revive water bodies in the area. The program resulted in greater water sufficiency and improved the economic condition of villagers.

Corporate social responsibility. Looking beyond balance sheets.

At Bajaj Hindusthan, we believe in ploughing back the resources towards social and environmental causes. The Corporate Social Responsibility initiatives have become an integral part of our operations to acheive the mission of "Development of Natural and Human Resources and their efficient and judicious use''.

We undertake a wide range of initiatives for the economic improvement as also for spreading health & hygiene awareness in the rural community.

As a responsible corporate citizen, we also work towards the preservation of environment through various water resource development and soil conservation programs.

We follow an integrated participatory approach to contribute towards the larger societal benefits and to invest back into the society.

We have also initiated Convergence of Agriculture Interventions in Maharashtra (CAIM) in collaboration with State Government, International Fund for Agriculture Development (IFAD) and Sir Ratan Tata Trust.

NABARD (National Bank for Agriculture and Rural Development) has joined hands with us for promotion of horticulture and watershed development project.

आचार: कुलं आख्याति
Behaviour speaks for the family.

Carrying forward a tradition.

Bajaj Hindusthan Ltd. (BHL) is India's largest sugar and ethanol manufacturing company. The company has an aggregate sugarcane crushing capacity of 136,000 TCD (tonnes crushed per day) and industrial alcohol including ethanol distillation capacity of 800 KLD (Kilo Liter per day).

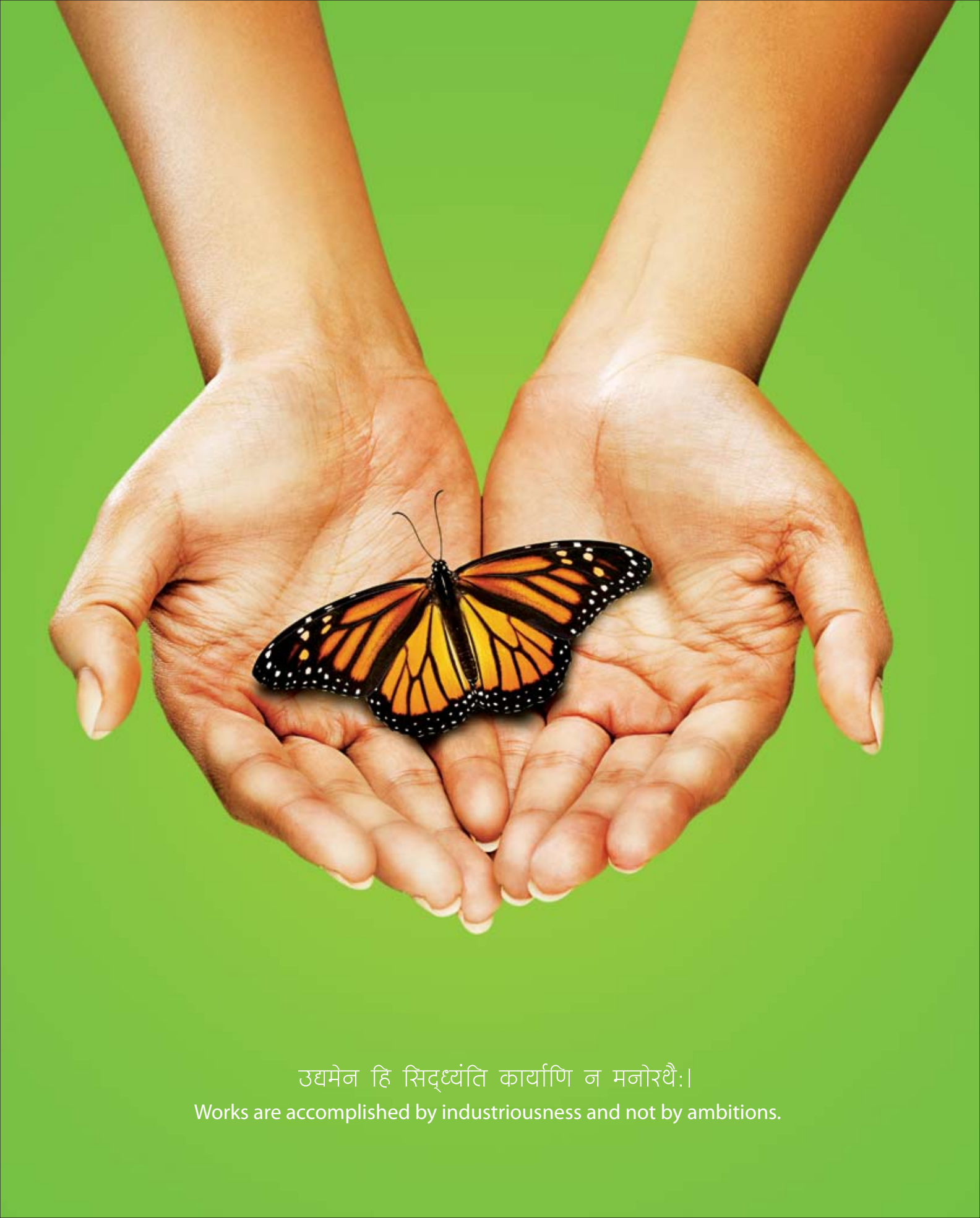
Committed to environment friendly technologies, we at Bajaj Hindusthan recycle bagasse residue out of sugar operations in our sugar mills to generate 428 MW of power. Our wholly owned subsidary, Bajaj Eco-tec Products Limited (BEPL), uses bagasse waste for the manufacture of Medium Density Fibre Board (MDF) and Particle Board (PB) thus safeguarding India's forest resources from commercial exploitaion for purposes of construction and manufacturing furniture.

Managing nature's bounty.

For decades the availability of fresh water was not a worry. However with increasing population pressure and rapid industrialisation it has become essential to conserve water. KJBF has constantly promoted several traditional and innovative rainwater harvesting measures, horticulture plantation, dairy farming, less water intensive short duration crops and has provided drum kit micro irrigation devices for promotion of growing vegetables under kitchen gardening. It has also promoted efficient water management techniques by encouraging the use of micro irrigation systems for farming. These systems, which include sprinklers and drip, not only conserve water and reduce cost but also improve the crop yield. KJBF's continued efforts have helped the farmers in meeting their irrigation needs and in diverting the excess water for other uses.

Check dam constructed at Wardha

Promoting Micro Irrigation Systems.



उद्यमेन हि सिद्ध्यंति कार्याणि न मनोरथैः।

Works are accomplished by industriousness and not by ambitions.

पृथिव्यां त्रीणि रत्नानि जलमन्नं सुभाषितम्।
मूढैः पाषाणखंडेषु रत्नसंज्ञा विधीयते।।

There are three jewels on earth : water, food and good thoughts.
Fools are those who call pieces of stones as jewels.

Availability of water from overflowing check dam and dug-out group well caused joy not only among the farmers but all villagers

Nourishing nature with her own resources.

Constantly changing weather pattern, global warming, uncertain monsoon, increasing population pressure and several other factors have made it imperative to conserve rain water. Kamalnayan Jamnalal Bajaj Foundation (KJBF) has successfully conducted extensive programs for the replenishment of the ground water resources in Wardha district of Maharashtra.

The program oversaw the building of 35 boribund (a cost effective water harvesting structure made with empty cement bags filled with sand) 12 check dams, widening of 12.9 km stream and promotion of 297 well recharge structures across 201 villages. KJBF has also constructed 190 farm ponds and 7 percolation tanks to mitigate the otherwise perennial water crisis.

A check dam constructed after revival of Yashoda river in Sonegaon Village.

KJBF promotes construction of check dams and recharging of existing well through rain water to overcome ground water depletion.

Conserving nature's gifts.

To herald prosperity it's essential to conserve the basic elements of human sustenance. KJBF is leading various soil conservation initiatives to arrest soil erosion and to increase the yield of crops in Wardha district. The conservation efforts introduced contour/ field bunding on 446 hectares and raised 118 Loose Boulder Structures and 18 Gabion structures on small streams. These novel approaches have increased farm productivity and have also infused a positive difference in the lives of many.

Farmer's and women training program organised by KJBF

परोपकार: पुण्याय
Helping others is one step closer to god.

अमत्रमक्षर नास्ति नास्ति मूलमनौषधम्।
आयोग्य: पुरुषो नास्ति योजकस्तत्र दुर्लभ:।।

There is no letter which doesn't have charm (Curative Property).
There is no root which doesn't have medicinal property.
There is no man who is not able.
Rare is a person who knows its proper application/direction.

Putting efforts to instill hope.

Collective efforts and commitment can help surpass adversities and usher us in an era of growth. Deoli Taluka of Wardha district in Maharashtra was reeling under the impacts of deposition of silt in the rivers. This excess deposit caused flooding of the agricultural fields which in turn led to reduced agricultural productivity and income levels in the area.

To revive farming, KJBF decided to initiate desilting, deepening and widening of the rivers. It interacted with the local community and worked in tandem with the local groups to desilt streams of 12.5 kms.

The resuscitation of streams helped in bringing 145.5 acres of fallow land under cultivation which resulted in a drastic increase in the crop yield.

KJBF's water harvesting interventions benefitted 4377 farmers and 4473 acres of agricultural land. It also increased cropping intensity and created employment opportunity for the villagers. The program has also created support irrigation for 3762 acres of agricultural land to insure it against erratic rainfall.

KJBF's successful efforts resulted not only in economic benefits but also inspired the neighbouring areas to adopt similar technique.

A farm installed with micro-irrigation systems

Promoting borewell recharge

Empowering her.

The Indian rural society is predominantly patriarchal therefore it's important to create avenues for the social development of rural women. BHL (Bajaj Hindusthan Limited) women society aims to elevate the status of women through awareness and by making them financially self-reliant. In this direction the Barkhera & Maqsoodapur units of Central Zone of Bajaj Hindusthan Ltd. has created Self Help Group. The Self Help Group extensively works on the issues related to rural women and has formulated income generation programs for improving the economic status of the rural women. It also works towards creating awareness about health and hygiene among rural women and has shown commendable results in the area. Taking a cue from the success achieved in central zone, similar women self-help groups are also being promoted at Wardha in Maharashtra and Sikar in Rajasthan.

Providing institutional training to the women self help groups on various income generating activities.

One of the dairy farms supported by KJBF.

Providing institutional training focused on building group behavior and finance management.

यत्र नार्यस्तु पूज्यन्ते
रमन्ते तत्र देवता:।
God reside where women are worshipped.

विद्या परदेवता

Learning is the greatest God.

Nurturing tomorrow's custodians.

India is among one of the fastest growing economies and it's the citizens of tomorrow who will ensure that it follows the same growth trajectory. At Bajaj Hindusthan we realized the need to impart quality education to the wards of cane growers. The group established and inaugurated "Bajaj Public School" at its Maqsoodapur unit. The school follows a creative curriculum to develop individual capabilities and inculcates the feeling of "unity in diversity" by celebrating the major religious festivals.

The school has plans to extend to Standard XII and is well on the way to create responsible and capable citizens for tomorrow.

KJBF team receiving the CII award.

HIV/AIDS education & prevention policy.

BHL recognises HIV/AIDS as a developmental challenge and realises the need to respond to it by implementing regular HIV/AIDS prevention programme and creating a non-discriminatory work environment for its employees.

For the purpose of making conscientious, sensitive and compassionate decisions in addressing the realities of HIV/AIDS, BHL has established this policy based on ILO code of practices on HIV/AIDS.

Developing Human Resources: KJBF team members interacting with farmers.

विद्याधनं सर्वधनप्रधान्।
Educating a person is the best charity.

Chairman's Letter

Dear Shareholders,

India had a commendable growth experience through the past two decades of economic reforms that has brought about a paradigm shift across the rural and urban demography. Indian industry with adequate support and timely intervention of government policy has been able to suitably withstand possibly one of the worst financial recessions that wrecked havoc in the western hemisphere in the recent past. This is the second time after the Asian currency crisis of the nineties that we exhibited suitable resilience in insulating ourselves from global domino effects of economic crisis.

We are now a nation that has been setting benchmarks as one of the fastest growing nations in the world. We now exude an exemplary illustration of how a prudent mixture of government policy and a forward looking participative execution from Indian industry can leapfrog the GDP growth rate to almost double digits.

As we confidently tread into the third decade of a vibrant economy, we step into a set of new challenges. We have to face these with a fresh approach learning from our past experience. Our dominant challenge remains on how to produce more to feed our nation at an affordable price. The recent spurt in prices of essential food items for example should be treated with extreme caution in helping us understand the dynamics of agri production not just limited to demand and supply but also directly linking it with productivity and yield. In the past six decades, the nation has witnessed just a single green revolution which though has changed the contours of farming in the north of India, yet the farm growth failed to trickle down to the rest of the country. Yield improvements related to essential foodgrains like rice and wheat as a result, continue to be insignificant over this period. India has decisive consumption levels in rice, wheat, sugar, cotton and millet to the extent a minor shortage domestically can make global prices extremely volatile. We have seen such tectonic upward shifts in global prices in the last five years whenever India had domestic shortages and had to procure from international markets. Experts estimate domestic foodgrain shortages could be a reality within the next few years if the present trend of demand and supply continue.

Sustained self sufficiency in foodgrain production is a necessary and compulsory step in any growth story for India. We have a complex scenario where in the face of a declining cultivable land, a "game changing" technology adoption becomes crucial for our farmers. Nevertheless, we have a typical agrarian society where the farmer is averse to such prompt adoption of new techniques. Coupled with this, remains the social issue of the young generation based in rural India not attracted to farming like their forefathers. Other challenges related to agriculture remain. For example, constraints in terms of low reach of irrigation, skewness towards cash crops with minimum support prices and lack of financial credit flow still create hurdles for the farmer at large. It thereby becomes essential to have a combined umbrella averse to such prompt adoption of new techniques. Coupled with this, remains the social issue of the young generation based in rural India not attracted to farming like their forefathers. Other challenges related to agriculture remain. For example, constraints in terms of low reach of irrigation, skewness towards cash crops with minimum support prices and lack of financial credit flow still create hurdles for the farmer at large. It thereby becomes essential to have a combined umbrella approach to agrarian reforms somewhat like the "single window" approach to help mitigate some of the issues related to agriculture. In short, this decade certainly would do well with a second green revolution, benefits of which should envelop the cross section of the whole nation.

Governments both at the state and central level have witnessed a dominant change due to opening up of the food processing sector which have reaped huge benefits financially as well as in terms of production. We have to sincerely pursue this process forward with a similar determination in the farm sector. Albeit small yet a growing practice, we have seen how supply chain ventures between farmers and corporates have led to adoption of better technology along with huge productivity and improved prices benefiting the farmers. On similar grounds, there is also a very strong case of a complete decontrol of the sugar industry in India. The window of opportunity for India to emerge as a formidable global player in sugar is shrinking with the domestic industry caught in the volatile cycles in addition to other policy constraints imposed. India is only second to Brazil in terms of sugar production. Yet nations like Brazil, Thailand and Australia reap commandeering positions in the global sugar market as a result of the benefits enjoyed due to a complete decontrol and operational freedom these nations offer to their sugar players.

The sugar industry has always looked forward to a complete decontrol that would help not just the sugar manufacturers in terms of better economies of scale; the cane farmers with assured payments but also the end consumer who will certainly enjoy stable sugar prices. We have been first hand witness, more so in India than any other nation in the world, to how decontrol has revolutionized industry, benefiting both

the consumer and the producer in fields like cement, telecom, power, mining, oil and gas and media. Sugar industry is no exception. The foremost benefit of decontrol in sugar would lead to an evening out of sugar cycles, an important catalyst in price volatility of sugar. The most important player in the whole chain, the cane farmer with definitive prices would not have to oscillate between other cash crops whenever manufacturers' margins fall and therefore cane payments are in arrears. On the contrary, he would be induced to follow a healthy crop rotation pattern that would lead to better retention of soil nutrients in his fields and a higher and steady income for himself.

In the present sugar season, domestic sugar consumption is estimated at around 23.5 million tonnes with an expected production at 24.5 million tonnes. Assuming an average annual 4 percent rise in sugar consumption, it is estimated that around 27 million tonnes of sugar would be required by 2015. A dominant increase in production levels in the next few years is possible through better remunerative prices for cane farmers and an economically and financially viable set of sugar producers. A complete decontrol would help not only to achieve these twin objectives but also additionally draw sustained investments in this sector, which would help in consolidation for the serious players. In addition to the direct benefits, huge collateral economic benefits would also be derived in terms of capacity addition of green power produced from bagasse and doubling of ethanol production allowing for a 10 percent blending of fuel petrol from the current five percent levels. With hardening international crude prices, this would lead to huge savings to India's petrol consumption.

BHL has always in a dedicated manner been at the forefront as a responsible player in the sugar industry. More so, as a partner in India's escalation as an economic force globally. We are always grateful for the trust and support of all our shareholders, stakeholders and well-wishers who have enabled us to conquer multiple milestones over the years. I look forward to a very exciting decade ahead where your company wishes to formidably continue its share as an important player in nation building.

Warm regards,

Shishir Bajaj

Chairman & Managing Director

JMD Speaks

Dear Stakeholders,

We have seen through an eventful year for both Bajaj Hindusthan Ltd. (BHL) and the sugar industry. The amalgamation of our subsidiary - Bajaj Hindusthan Sugar and Industries Limited with BHL has reinforced BHL's position as the largest sugar producer in Asia with a cane crushing capacity of 136,000 tonnes per day, across 14 locations in the northern state of Uttar Pradesh (UP).

Our projection for sugar production for 2010-11 has been right on track which I shared with you last year. We are now at a stage where the overall domestic production is anticipated at a comfortable 24.5 million tonnes as per government estimates, a jump of over 30 percent compared to last year. Globally, we are in a situation where international prices are at a record 30-year peak with the year end (calendar year 2010) closing prices of white sugar in London over $800 per tonne. Analysts expect the prices to increase further up to $1,000 per tonne with Brazil, the largest sugar producer in the world facing a shortfall of sugar production, their worst in 11 years. In the present year 2010-11, domestic sugar consumption is expected to be around 23.5 million tonnes. The government is now considering allowing sugar exports that should come as a sweetener for the industry which will benefit from the high international prices in terms of improved cash flows, albeit to a limited extent. The domestic prices too are expected to remain firm in line with the global prices.

In spite of volatility, I am confident that the sugar industry will perform well in the long term. The demand has shown an increasing trend. International published studies shows that India's sugar consumption would double by 2030 and Chinese consumption will overtake that of the EU by 2014. The growing middle class has shown a definitive shift in food consumption patterns based on more processed foods with high sugar content. Given the sugar cycle and the pressure of high demand persisting, it is imperative for the government to keep up a sustained effort in terms of increasing sugarcane yields and sugar recovery levels. All policies need to be directly focussed on the twin objectives of sustainability of cane production at remunerative prices coupled with a balanced cash flow for the sugar producers.

This is critical for uninterrupted and timely payments to the farmer and maintaining a sustained bottom line for the industry at large.

Agriculture is completely susceptible to the vagaries of weather and with food prices climbing alarmingly, it is important to understand the importance of crop rotation. For the Indian farmer today, price is not the only motivational factor determining his choice of crop. He understands the value of replenishing soil nutrition to increase yield and acreage. In India, while past trends indicate farmers earning higher from crops like wheat and paddy, the increase in cane prices the last few years has seen the farmer balance his cultivation between crops. Crop rotation will not only assure him a secure income but also prevent the erosion of crucial nutrients from the soil, thereby increasing agricultural production. However, these efforts need to be concerted and supported on a larger scale through appropriate government initiatives that educate the farmer on new cropping patterns, new strains of high yielding seeds, a balanced minimum support price across crops, adequate grain and cold storage facilities – in effect, a second green revolution.

BHL is a farmer-friendly company committed to the well being of the farmers associated with its manufacturing units. It touches the lives of over 5 million farmer families through direct and indirect employment, improving their purchasing power and spurring consumer activity. The higher economic development in the countryside is contributing to the 9 percent economic growth envisaged by the Government of India. We are proud to be partners to this progress. It is extremely encouraging for example, to see cane farmers in Uttar Pradesh doubling their earnings from around Rs 5,700 crore in 2008-09 to Rs 12,100 crore in 2009-10. Rough estimates speak of higher earnings of over Rs 13,500 crore in 2010-11. This increase in income has had a direct benefit in not just improving the lifestyle of the farmer but also reinforcing his commitment to devote more land for cane cultivation. Such increased income for cane farmers certainly bodes well for the sugar industry at large. Undoubtedly, this is an important catalyst to sustain domestic production of sugar. India being the largest consumer of sugar, it can ill afford to import on a long term basis.

BHL is the lowest cost sugar producer in the country at the EBIDTA level. The company is taking steps to reduce debt and consequently the interest outgo to increase profitability.

BHL has a capacity to produce an aggregate of 428 MW power from the bagasse generated in its sugar mills. After meeting its captive needs, the surplus of around 105 MW is supplied to the UP state grid. In a strategic diversification move that aims at hedging our fortunes against the cyclical downturns embedded in a commodity business like sugar, the company has forayed into coal based merchant power generation. The company has initiated the project of setting up generation capacities of 450 MW through plants of 90 MW each in the vicinity of 5 of its existing sugar units through its subsidiary as a Special Purpose Vehicle (SPV). These new projects are expected to be completed by around August next year. Moreover, through two other SPVs, the company has also embarked on developing mega thermal power projects in UP which will produce around 4,000 MW of power, ready for commissioning in around 5 years. The company plans to further ramp up its total power generation capacity in the state, marking a significant presence in power sector.

The future is promising and we look forward to an exciting period that would possibly establish a pronounced and decisive roadmap for us on the Indian Industrial firmament. We are happy to share this future with our employees and other stakeholders including our shareholders and farmers.

With best wishes,

Kushagra Bajaj

Joint Managing Director (JMD)

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Board of Directors

Shishir Bajaj
Chairman & Managing Director (Promoter)

Kushagra Bajaj
Joint Managing Director (Promoter)

D. S. Mehta
Non-Executive Director

M. L. Apte
Non-Executive Director (Independent)

R. V. Ruia
Non-Executive Director (Independent)

D. K. Shukla
Non-Executive Director (Independent)

Alok Krishna Agarwal
Non-Executive Director (Independent)

Dr. Sanjeev Kumar
Director (Corporate & Legal Affairs)

10 Years Performance Trends : 2001-2010

Rs. Crore

BALANCE SHEET	30.09.2010*	30.09.2009	30.09.2008	30.09.2007	30.09.2006	30.09.2005	30.09.2004	30.09.2003	30.09.2002	31.03.2001
SOURCES OF FUNDS										
Shareholders' Funds										
Share Capital	19.14	17.69	14.14	14.14	14.14	11.63	8.73	8.73	8.73	8.73
Equity Share Suspense	3.70	-	-	-	-	-	-	-	-	-
Equity Warrants	-	18.90	-	-	-	-	-	-	-	-
Stock Option Outstanding	15.30	-	-	-	-	-	-	-	-	-
Reserves & Surplus	3,098.82	2,257.08	1,330.96	1,420.19	1,354.53	602.61	129.00	113.17	87.77	116.08
Sub Total	3,136.96	2,293.67	1,345.10	1,434.33	1,368.67	614.24	137.73	121.90	96.50	124.81
Loan Funds										
Secured Loans	4,429.77	1,956.73	2,808.08	2,035.88	440.16	381.79	320.24	177.77	84.35	208.92
Unsecured Loans	1,113.36	1,118.42	600.99	855.01	1,065.92	128.25	1.93	2.07	2.22	4.96
Sub Total	5,543.13	3,075.15	3,409.07	2,890.89	1,506.08	510.04	322.17	179.84	86.57	213.88
Deferred Tax Liabilities	83.43	108.04	58.94	120.88	129.96	45.33	42.43	28.47	24.51	-
Total	**8,763.52**	**5,476.86**	**4,813.11**	**4,446.10**	**3,004.71**	**1,169.61**	**502.33**	**330.21**	**207.58**	**338.69**
APPLICATION OF FUNDS										
Fixed Assets										
Gross Block	6,509.87	3,407.48	3,056.38	2,639.26	1,285.34	655.18	408.34	255.24	240.70	239.54
Less : Depreciation and Amortisation	1,029.96	774.98	577.56	418.62	271.86	198.89	163.68	144.82	132.40	129.80
Net Block	5,479.91	2,632.50	2,478.82	2,220.64	1,013.48	456.29	244.66	110.42	108.30	109.74
Capital Work in Progress	91.28	131.28	138.69	562.97	1,223.08	623.44	178.60	78.83	2.51	4.40
Sub Total	5,571.19	2,763.78	2,617.51	2,783.61	2,236.56	1,079.73	423.26	189.25	110.81	114.14
Investments	1,113.39	549.11	488.26	437.47	205.81	5.07	0.07	1.33	2.15	3.95
Current Assets, Loans and Advances										
Inventories	1,921.36	800.45	637.24	394.83	122.39	55.55	77.41	127.08	119.00	266.82
Sundry Debtors	163.10	28.57	42.30	110.00	61.86	17.86	27.83	22.28	0.99	5.32
Cash & Bank Balances	479.20	112.35	39.72	108.95	223.31	5.84	3.95	12.34	3.23	4.09
Loans & Advances	1,424.21	2,093.05	1,806.21	1,495.27	534.28	103.05	40.44	17.10	14.25	25.59
Sub Total	3,987.87	3,034.42	2,525.47	2,109.05	941.84	182.30	149.63	178.80	137.47	301.82
Current Liabilities & Provisions										
Current Liabilities	1,716.95	683.03	610.49	624.54	182.04	54.98	65.67	34.41	34.00	73.40
Provisions	191.98	187.42	207.64	259.49	197.46	42.51	4.96	4.76	8.85	8.31
Sub Total	1,908.93	870.45	818.13	884.03	379.50	97.49	70.63	39.17	42.85	81.71
Net Current Assets	2,078.94	2,163.97	1,707.34	1,225.02	562.34	84.81	79.00	139.63	94.62	220.11
Miscellaneous Expenditure										
(to the extent not written off or adjusted)										
Deferred Revenue Expenditure	-	-	-	-	-	-	-	-	-	0.49
Total	**8,763.52**	**5,476.86**	**4,813.11**	**4,446.10**	**3,004.71**	**1,169.61**	**502.33**	**330.21**	**207.58**	**338.69**

* The figures of Financial Year 2009-10 includes the effect of amalgamation of Bajaj Hindusthan Sugar and Industries Ltd. (as per scheme) w.e.f. 01.04.2010.

Rs. Crore

NET INCOME STATEMENT Year ended	30.09.2010*	30.09.2009	30.09.2008	30.09.2007	30.09.2006	30.09.2005	30.09.2004	30.09.2003	30.09.2002 (18 months)	31.03.2001
INCOME										
Gross Sales / Income from Operations	2,970.28	1,655.75	1,879.49	1,841.22	1,526.92	891.46	525.28	458.27	620.45	329.52
Less : Excise Duty	96.67	72.02	123.21	128.21	79.68	45.34	27.80	37.36	29.49	25.87
Net Sales / Income from Operations	2,873.61	1,583.73	1,756.28	1,713.01	1,447.24	846.12	497.48	420.91	590.96	303.65
Other Income	155.37	231.16	46.59	30.65	39.51	8.68	17.67	12.97	4.02	5.50
Total	**3,028.98**	**1,814.89**	**1,802.87**	**1,743.66**	**1,486.75**	**854.80**	**515.15**	**433.88**	**594.98**	**309.15**
EXPENDITURE										
Raw Materials Consumed	2,765.64	816.76	1,390.33	1,283.42	951.45	460.94	280.12	316.76	299.86	250.90
Manufacturing & Other Expenses	393.09	259.11	418.69	344.20	191.87	104.57	77.75	71.49	89.57	61.36
(Increase)/ Decrease in stocks	(743.57)	143.73	(224.69)	(132.41)	(6.98)	70.51	46.72	(9.48)	157.84	(42.76)
Total	**2,415.16**	**1,219.60**	**1,584.33**	**1,495.21**	**1,136.34**	**636.02**	**404.59**	**378.77**	**547.27**	**269.50**
Profit before Depreciation, Interest & Tax (PBDIT)	**613.82**	**595.29**	**218.54**	**248.45**	**350.41**	**218.78**	**110.56**	**55.11**	**47.71**	**39.65**
Interest & Finance Charges (Net)	301.34	187.08	139.44	63.73	(2.15)	13.21	13.59	6.74	16.66	20.17
Depreciation and Amortisation	257.44	202.21	187.22	146.88	72.39	35.09	19.09	13.51	18.43	10.76
	558.78	**389.29**	**326.66**	**210.61**	**70.24**	**48.30**	**32.68**	**20.25**	**35.09**	**30.93**
Profit before Tax (PBT)	**55.04**	**206.00**	**(108.12)**	**37.84**	**280.17**	**170.48**	**77.88**	**34.86**	**12.62**	**8.72**
Provision for Taxation (net)	3.29	49.77	(60.44)	(7.81)	89.34	30.09	16.86	6.51	2.26	0.44
Profit after Tax (PAT)	**51.75**	**156.23**	**(47.68)**	**45.65**	**190.83**	**140.39**	**61.02**	**28.35**	**10.36**	**8.28**
Dividend (%)	**70%**	**70%**	**60%**	**60%**	**60%**	**50%**	**40%**	**30%**	**37.5%**	**25%**

* The figures of Financial Year 2009-10 includes the effect of amalgamation of Bajaj Hindusthan Sugar and Industries Ltd. (as per scheme) w.e.f. 01.04.2010.

Directors' Report

Your Directors have pleasure in presenting their Seventy-Ninth annual report and the audited statement of accounts for the financial year ended September 30, 2010.

Amalgamation of Bajaj Hindusthan Sugar and Industries Limited

The Scheme of Amalgamation of subsidiary Bajaj Hindusthan Sugar and Industries Limited (BHSIL) with the Company in terms of the provisions of Sections 391 to 394 of the Companies Act, 1956 ("the Scheme") with the Appointed Date as April 01, 2010 was unanimously approved by the Equity Shareholders, Secured and Unsecured Creditors of the Company as well as BHSIL at their respective court convened meetings held on September 07, 2010.

Subsequently, upon sanction of the Scheme vide Orders passed by Hon'ble High Court of Judicature at Bombay on November 26, 2010 and completion of other formalities in this regard on December 20, 2010 by both the Companies, the Scheme has become effective from December 20, 2010. Consequently, the financial and operating results of BHSIL with effect from the Appointed Date of the Scheme being April 01, 2010 have been included with the financial results of the Company for the financial year ended on September 30, 2010 and hence are not strictly comparable with those of previous financial year 2008-09.

Financial Results

The summarised financial results of the Company for the year ended September 30, 2010 are presented below:

	2009-2010 (Rs. Crore)	2008-2009 (Rs. Crore)
Sales and other income	**3,028.98**	1,814.89
Profit before interest, depreciation and taxation	**613.82**	595.29
Interest (Net)	**301.34**	187.08
Depreciation & Amortisation	**257.44**	202.21
Profit before taxation	**55.04**	206.00
Provision for taxation (Net)	**0.10**	0.66
Provision for deferred tax	**3.19**	49.11
Profit after tax	**51.75**	156.23
Disposable surplus after adjustments	**204.56**	161.14
Transfer to reserve for Molasses Storage Tanks	**0.33**	0.16
Transfer to general reserve	**10.03**	40.00
Transfer to debenture redemption reserve	**-**	27.50
Proposed dividend	**13.40**	12.38
Corporate dividend tax on proposed dividend	**2.22**	2.10
Balance carried to balance sheet	**178.58**	79.00

On a stand-alone basis the Company achieved a turnover of Rs. 3,028.98 Crore as compared to Rs. 1,814.89 Crore in the previous year. The Profit after tax stood at Rs. 51.75 Crore as compared to the profit of Rs. 156.23 Crore in the previous year. On consolidated basis, the turnover is Rs. 3,340.68 Crore as compared to Rs. 2,333.52 Crore in the previous year. The Profit after tax and minority interest is Rs. 44.06 Crore as compared to Rs. 61.78 Crore in the previous year.

Dividend

The Board of Directors of the Company recommend, for consideration of shareholders at the 79th annual general meeting, payment of dividend of 70% (Re.0.70 per share) on equity shares of the face value of Re.1/- each for the year ended September 30, 2010. The dividend paid during the previous year was also 70%.

Operations

The merger of subsidiary BHSIL with the Company has further consolidated BHL's leadership position in the Indian Sugar Industry. Post amalgamation the Company now has fourteen Sugar Factories with an aggregate sugarcane crushing capacity of 1,36,000 TCD, six distilleries having capacity to produce Industrial Alcohol of 800 kilolitres per day and Co-Generation plants having power generation capacity of 428 MW.

The operations during the financial year ended September 30, 2010 at all the fourteen sugar mills of the Company, six distilleries and co-generation facilities were satisfactory. Despite volatile conditions, the Company had achieved commendable results during the year 2009-10.

Sugar

During the sugar season 2009-10, the sugarcane crop acreage reduced in U.P. primarily due to deficient rainfall and relatively low sugar prices during the previous few sugar seasons. To meet the perceived shortfall in sugar production and with a view to optimise its sugar production capacity utilisation, the Company had imported an aggregate of 5,27,805 MT of raw sugar. However owing to a ban imposed in inward transportation of imported raw sugar in the U.P. state during the continuance of the sugarcane crushing season, the Company could process only 3,27,062 MT of imported raw sugar during this season. The recovery of sugar from sugarcane was higher at 9.24% as against 9.09% in the previous year owing to better quality of sugarcane crop and certain other favourable factors. The Company produced an aggregate of 10,97,380 MT Sugar and 4,42,433 MT Molasses during the sugar season 2009-10.

Initial estimate of sugar production during the crushing season 2009-10 was around 14.7 million tonnes against annual consumption of around 22 million tonnes due to which, the prices of sugar in the first half of the year upto February, 2010 remained high. Average monthly sugar prices were in the range of Rs. 2,950 to Rs. 3,800 per qtl. during this period. However, as the Sugar price going high, with a view to check the inflation, the Central Government imposed several restrictions such as fixing weekly restrictions on quantities to be sold and despatched, fixing stock limits not only for the trade but also for bulk consumers etc. At the same time, the production estimates also got revised and the actual production was 18.7 million tonnes. These resulted in a sharp correction in, the sugar prices from around Rs. 32 per kg in March, 2010 to Rs. 26 per kg in September, 2010.

During the year the Company sold 9,26,966 MT of Sugar as against 6,72,180 MT during the previous year, registering an increase of 38%. The Company also sold 54,602 MT of Molasses as against 71,120 MT in the previous year, reporting a downfall of 23% due to more molasses used for production of Alcohol during the year.

Industrial Alcohol

The operations at all the six distilleries of the Company having an aggregate industrial alcohol production capacity of 800 KL per day were satisfactory.

During the year Industrial Alcohol / Ethanol production was higher at 94,719 KL as compared to 32,070 KL in previous year recording a growth of 195%. Alcohol/ Ethanol sales during the year were also higher at 63,123 KL as against 32,128 KL during the previous year, reporting an increase of 96%.

Power

The operations of electric power generation were smooth at all of our fourteen sugar mills. While most of the power generated by us continued to be used captively for the operational needs of the Company,

the surplus power is sold to the Uttar Pradesh State grid.

Power generation was higher at 4,48,901 MW as compared to 2,76,300 MW in previous year recording a growth of 62%, largely due to higher quantum of bagasse available from the crushing of sugar cane.The average price at which we sold our surplus power was approximately Rs.3,978 per 1000 Units. The Company exported 1,30,635 MW of power during the year as against 73,271 MW during the previous year, reporting an increase of 78%.

Changes in Capital Structure

Allotment of Equity Shares to Promoter upon exercise of option on Warrants allotted on preferential basis

During the year the promoters exercised their option on 1,45,00,000 Equity Warrants allotted on preferential basis during the last year. The Company has received an aggregate sum of Rs.56.70 Crore equivalent to the balance 75% of the total subscription amount on the aforesaid warrants and have allotted 1,45,00,000 fully paid-up equity shares of Re.1/- each on January 04, 2010.

Post issue of 1,45,00,000 equity shares to the Promoter group, the paid-up equity share capital of the Company has increased from Rs. 17,68,57,111 to Rs. 19,13,57,111 divided into 19,13,57,111 equity shares of face value Re. 1/- each. The net proceeds from the preferential issue were utilised in full for repayment/ prepayment of working capital loans in accordance with the terms of the issue.

Equity Shares to be allotted pursuant to the sanctioned Scheme of Amalgamation

Pursuant to the Scheme of Amalgamation of BHSIL with BHL (the Scheme) sanctioned by the Hon'ble Bombay High Court, the Company will be required to allot an aggregate of 3,70,00,000 fully paid up equity shares of Re.1 each. These include an aggregate of 3,11,00,000 shares to be allotted to the BHL Securities Trust formed for the purpose towards non-cancellation of cross holding of 75% equity in BHSIL and principal value of loan of Rs. 335 Crore, in accordance with the terms of the Scheme. Post allotment of the aforesaid shares, the paid-up equity share capital of the Company will increase to Rs. 22,83,57,111.

Listing of Securities

The Company's equity shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Annual Listing fees to each of these Stock Exchanges have been paid by the Company. The Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) are listed on the Luxembourg Stock Exchange and London Stock Exchange respectively.

Employee Stock Option

Bajaj Hindusthan Limited did not have a stock option plan. In terms of scheme of amalgamation, the outstanding options under PSIL Employees Stock Option Plan, 2006 held by the eligible employees of group companies have been transferred. Since under the Plan, BHSIL had already allotted 8.89 Crore shares to a trust, the corresponding number of equity shares in the exchange ratio of 1:5 will be allotted to the trust. The entitlement of the option granted stands changed from 10 equity shares of face value of Re. 1/- each of BHSIL to 2 equity shares of face value of Re.1/- each of BHL.

The information required to be disclosed in terms of the provisions of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is enclosed as per Annexure II to this report.

Expansion of Power Capacity

Modification of Boilers for use of alternate fuel

The conversion of Bagasse fired Boiler into Multi-fuel Boiler at our Gangnauli, Kinauni & Maqsoodapur Sugar Units has been completed and put in operations successfully. Now we have option to run the Boiler on alternate fuels i.e. with Coal separately, with Bagasse separately and jointly with Bagasse & Coal as a fuel for the purpose of Power Export. We have also run the Boiler on coal as a fuel for Re-processing of Raw Sugar with Power Export to Grid during off season.

New Coal-fired Power Plants

Sugar Industry in India of late has witnessed an intense volatility in sugar prices. Considering the cyclical nature of industry the Company constantly endeavours to evolve a business model that can insulate itself from the vagaries of cyclicality of sugar business. Since the year 2003, the Company had expanded its sugar capacity rapidly from 24,000 TCD to the present capacity of 1,36,000 TCD. With no immediate plans for further expansion in sugar capacity, various opportunities for diversification were being explored.

The Power Industry in India (including in the State of Uttar Pradesh) has been historically characterised by energy shortages as the gap between demand and supply of power has been increasing. U.P. Government has also announced U.P. Energy Policy 2009 inviting private participation in the power sector to generate over 32,000 MW of power by 2014. The Company has been in the business of power generation through the co-generation bagasse fired power generation plants located at all of its sugar units of which major part, around 75%-80% was used for captive purpose and surplus sold to the Uttar Pradesh Government.

Considering the Company's experience in power generation and tremendous scope for growth of power and energy business, the Company has considered diversifying into power sector by setting up coal fired thermal power plants (TPP) in the state of Uttar Pradesh. To begin with the Company plans to set up around 4,500 MW of Power Generating Capacity.

Phase I – 450 MW

In the first phase, the Company had commenced project for an aggregate power generating capacity of 400 MW comprising of 80 MW thermal power plants at five locations on the unused land available in the vicinity of the sugar mills of the Company at Khamberkhera, Barkhera, Maqsoodapur, Kundarkhi and Utraula all located in the State of Uttar Pradesh. Subsequently the capacity of these thermal power plants were upwardly revised to 450 MW (90 MW x 5). The project cost was estimated at around Rs. 2,320 Crore to be funded by way of debt to equity mix of 3:1.

The requisite Memorandum of Understanding and Power Purchase Agreement for these five coal based thermal power plants have been executed with the Government of Uttar Pradesh. EPC contracts and order for all the major machinery and equipments required for these power plants have been placed. The process of various environment and water clearances and other approval including coal linkages are at an advance stage.

As advised by the consortium of lenders and primarily considering the variance in parameters for debt-equity ratio for extending the projects fund to a power sector company vis-à-vis a sugar company, it was decided to develop this 450 MW TPP through an SPV. The under construction power plants were assigned/transferred to Bajaj Energy Private Limited (BEnPL), a subsidiary of the Company.

The financial closure of Rs. 1,740 Crore for the debt portion for this the project has been achieved. More than half of the equity component of project funding has already been provided jointly by the Company and an entity belonging to its promoter group. The commercial operation of power plants at these five locations is expected to commence as the schedule within next eight to ten months.

Phase II – 1,980 MW at Lalitpur

The Company was awarded 1,980 MW (3X660 MW) ultra mega thermal power project at Lalitpur, Uttar Pradesh. This project is proposed to be implemented through Lalitpur Power Generation Company Limited (LPGCL), a SPV created for this purpose by the Government of U.P. The approximate cost of project is estimated at around Rs. 12,000 Crore. The Company had entered into a Memorandum of Understanding (MOU) with Government of Uttar Pradesh and have acquired LPGCL from UPPCL to make it a subsidiary of the Company with effect from December 10, 2010.

The acquisition of land for the power plant is in progress. Necessary application for coal linkage and processes of obtaining clearance for use of underground water, environmental and other clearance from relevant authorities are in progress. The discussions for appointing agency for financial closure for the projects have been initiated. The commercial operation of these power plants at Lalitpur is expected to commence around 4 to 5 years.

Phase III – 1,980 MW at Bargarh

The Company has also been awarded another 1,980 MW (3 x 660 MW) ultra mega thermal power project at Bargarh, district Chitrakoot, Uttar Pradesh. The cost of project is estimated at around Rs. 12,000 Crore. A Memorandum of Understanding has been executed with Government of Uttar Pradesh in this regard. The Bargarh TPP shall be implemented through another

SPV – Bajaj Power Generation Private Limited (BPGPL), a subsidiary of the Company.

As per the terms and conditions stipulated by the Government of Uttar Pradesh, the Company is obligated to hold atleast 26% of the equity of all the above three SPVs and shall be jointly responsible with these SPVs for implementing the respective MOU. The Company expects to complete all the above projects as per the respective schedule. The diversification in Power Business is expected to provide the Company with the ability to perform optimally during all phases of the sugar business cycle and achieve steady cash flows to mitigate the adverse effect of cyclicality.

Bio-Gas/Power from Press Mud

In addition to the Bagasse and Molasses, the sugar mill operations also generate sufficient amount of Press mud (approximately 4% of cane crushed). At six out of fourteen units of the Group, Distilleries are attached to the Sugar Plant. In these cases, such Press mud is partly utilised gainfully in compost making with bio-methanated effluent for Distilleries to accomplish Zero Discharge and rest is sold at very nominal price. At other locations the entire quantity is sold at nominal prices. The Company has at time experienced great difficulty for disposal of the Press mud.

With around 30-35% biomass content, Press mud has the potential to be converted into biogas through anaerobically. Keeping above in consideration and also in order to utilise the Press mud valuably the Company has actively considered tapping renewable energy from industrial waste. It was considered desirable to utilise the surplus Press mud generated in the Sugar Units which do not have a distillery attached by gainfully converted it into biogas which in turn can also be consumed advantageously in power generation through Gas Engine. This is expected to create a win-win situation by resolving Press mud disposal difficulty on one hand and conserve the environment through utilisation of industrial waste in addition to becoming a source to generate income. The Cost of Setting up the project is approx Rs.16 Crores for each of the locations.

Management Discussion and Analysis

Management Discussion and Analysis Report is presented in a separate section forming part of this Annual Report.

Subsidiaries' Operations

Bajaj Hindusthan Sugar and Industries Limited (since merged with BHL)

During the year Bajaj Hindusthan Sugar and Industries Limited (BHSIL), a 75% subsidiary of the Company has ceased to be a subsidiary of the Company pursuant to the Scheme of Amalgamation of BHSIL with the Company with effect from April 1, 2010 fixed as Appointed Date.

The Order sanctioning the Scheme was passed by the Hon'ble High Court of Bombay on November 26, 2010. Upon accomplishment of the applicable formalities under the law, the Scheme has come into effect from December 20, 2010 and BHSIL stood dissolved without winding up. The effect of the amalgamation has been given in the books of accounts of the Company for the year ended on September 30, 2010 with effect from the Appointed Date.

Bajaj Eco-Tec Products Limited

Bajaj Eco-Tec Products Limited (BEPL) is a Wholly Owned Subsidiary of Bajaj Hindusthan Limited engaged in manufacture of Medium Density Fibre (MDF) boards and Particle boards from sugarcane bagasse.

During the financial year ended March 31, 2010 BEPL recorded a turnover (sales and other income) of Rs. 154.63 Crore as against Rs.59.48 Crore during the previous year. The Net Loss after Tax for the year was reduced to Rs. 50.57 Crore as against Rs. 73.95 Crore recorded during the previous year.

Bajaj Aviation Private Limited

Bajaj Aviation Private Limited (BAPL), is a Wholly Owned Subsidiary of Bajaj Eco-Tec Products Limited and therefore is a subsidiary of the Company. During the year ended September 30, 2010, it generated an income of Rs.1.76 Crore and posted Profit after taxation of Rs.0.67 Crore.

Bajaj Energy Private Limited (BEnPL) (formerly Bajaj Eco-Chem Products Private Limited)

During the year the proposed plans of carrying on the business of manufacture and sale of specialty chemicals through this subsidiary were abandoned. The entire pre-operative expenditure aggregating to Rs. 0.63 Crore on the aforesaid project has since been written off. The holding company – BHL had decided during the year to diversify into thermal power sector

and this Subsidiary was proposed to be used as SPV for its initial foray in power sector by setting up five thermal power projects of 90 MW each aggregating to 450 MW involving an estimated project cost of Rs. 2,320 Crore.

The name of the Company was therefore changed from Bajaj Eco-Chem Products Private Limited to Bajaj Energy Private Limited with effect from March 19, 2010.

After obtaining approval of Government of Uttar Pradesh, these five under construction power projects were assigned to be developed by Bajaj Energy Private Limited. As per the terms and conditions stipulated by the Government of U.P., BHL is obligated to hold 26% of the equity of this SPV. Also BHL and this SPV shall have the joint responsibility for setting up these projects.

The project has been appraised by SBICAP Trustee Company Limited on behalf of a consortium of lenders and financial closure for debt aggregating to Rs. 1,740 Crore has been achieved. The equity requirement for the project has been estimated at Rs. 580 Crore. Till date, BHL has subscribed equity to the tune of Rs. 137.81 Crore and Rs. 149.88 Crore has been subscribed by an entity belonging to the promoters of BHL. Resultantly, the shareholding of BHL has come down from 100% to 51% of the paid up capital of BEnPL with effect from September 24, 2010.

The commercial operations for all these five power plants are expected to commence as per the schedule within next eight to ten months.

Bajaj Internacional Participações Limitada (Subsidiary in Brazil)

During the year too, no business as envisaged to be undertaken through this Wholly Owned Subsidiary (WOS) in Brazil could be commenced. The amount invested by the Company had remained deployed in Bank Deposits. Since the company did not see any opportunity of commencing business soon, the process of its winding up and repatriation of capital has been initiated.

Bajaj Hindusthan (Singapore) Private Limited

During the year Bajaj Hindusthan (Singapore) Pte. Ltd, a Wholly Owned Subsidiary of the Company in Singapore decided to commence operations of Trading in Commodities like Sugar, Coal etc. The Company also plans to acquire a Coal Mine located in Indonesia.

To meet the fund requirements of its business, BHL has further invested a sum of US$ 27 Million equivalent to Rs. 92.31 Crore in this subsidiary.

The financial year of this subsidiary has been changed from October-September period to April-March period with effect from March 31, 2010. No business operations has been commenced upto March 31, 2010. With the aggregate expenditure during the period amounting to Rs. 0.03 Crore, the net loss for the period was Rs. 0.03 Crore and accumulated carried forward loss upto March 31, 2010 is Rs. 0.12 Crore.

Consolidated Financial Statements

In compliance with Accounting Standards 21, 23 and 27 of Companies (Accounting Standards) Rules, 2006 and pursuant to the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements form part of this Annual Report.

Subsidiaries

As per the provisions of Section 212 of the Companies Act, 1956, the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiary companies are required to be attached with the Balance Sheet of a company. However, in terms of approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its letter No.47/652/2010-CL-III dated 29-07-2010, the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956 in respect of its following subsidiaries, viz:-

1. Bajaj Eco-Tec Products Limited
2. Bajaj Aviation Private Limited
3. Bajaj Internacional Participações Ltda. (Brazilian subsidiary)
4. Bajaj Hindusthan (Singapore) Pvt. Ltd. (Singapore subsidiary)
5. Bajaj Energy Private Limited

As directed by the Ministry of Corporate Affairs, certain key information has been disclosed in an Annexure to the Consolidated Accounts forming part of this Annual Report.

The Company undertakes that the annual accounts

of the subsidiary companies and the related detailed information will be made available to the investors of the Company and its subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at the registered office and head office of the Company and those of its subsidiaries. The annual accounts and the details of accounts of all its subsidiary companies shall be put on the Company's website - www.bajajhindusthan.com. The hard copy of the same will be furnished to any shareholder on a written demand received in this regard.

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising "group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Directors

Mr. D.S. Mehta (DIN 00038366) and Mr. M. L. Apte (DIN 00003656), Directors of the Company, will retire by rotation and being eligible, offer themselves for re-appointment. All the appointments of the Directors of the Company are in compliance with the provisions of Section 274 (1)(g) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, as amended, with respect to the directors' responsibility statement, it is hereby confirmed:

(i) that in preparation of accounts for the financial year ended September 30, 2010, the applicable accounting standards have been followed along with proper explanation relating to the material departures;

(ii) that the directors of the Company have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September 30, 2010 and of the profit of the Company for the year ended September 30, 2010;

(iii) that the directors of the Company have 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; and

(iv) that the directors of the Company have prepared the accounts of the Company for the financial year ended September 30, 2010 on a going concern basis.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants, existing Statutory Auditors will retire at the conclusion of the ensuing (79th) Annual General Meeting and seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Company has received certificate from M/s. Chaturvedi & Shah to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends to the shareholders the appointment of M/s. Chaturvedi & Shah as Auditors of the Company.

The observations and comments given in the report of the Auditors read together with notes to accounts are self explanatory and hence do not call for any further information and explanation under Section 217(3) of the Companies Act, 1956.

International Accountants

M/s. B S R & Company, Chartered Accountants, appointed as International Accountants of the Company have submitted the report on the Company's Consolidated Financial Statement to the Board of Directors for the year under review and the same forms a part of this report for the information of members.

Cost Auditors

The Central Government has directed an audit of the cost accounts maintained by the Company in respect of sugar and industrial alcohol businesses. For conducting the cost audit for these businesses for the financial year ended September 30, 2010, the Central Government has approved the appointment of M/s. B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai.

Particulars of employees

As required under the provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of employees are set out in the Annexure- III and forms part of this report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Transfer of amounts to Investor Education and Protection Fund

The amounts of dividend, interest on debenture and matured debentures, interest on fixed deposits and matured fixed deposits, etc. which has remained unpaid or unclaimed for 7 years have been transferred to the Investor Education and Protection Fund within time stipulated by law on respective due dates in accordance with the provisions of Section 205C of the Companies Act, 1956.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The relevant data regarding the above is given in the Annexure-I hereto and forms part of this report.

Corporate Governance

The Company has vigorously striven to follow the best corporate governance practices aimed at building trust among the key stakeholders, shareholders, employees, customers, suppliers (including farmers) and other stakeholders on four key elements of corporate governance - transparency, fairness, disclosure and accountability.

Acknowledgements

Industrial relations have been cordial at all the plants of the Company.

The Directors express their appreciation for the sincere co-operation and assistance of Central and State Government authorities, bankers, customers and suppliers and business associates. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board of Directors

SHISHIR BAJAJ
Chairman & Managing Director

Mumbai,
December 20, 2010

ANNEXURE-I to Directors' Report for the year ended September 30, 2010

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies Act (Disclosure of Particulars in the report of Board of Directors) Rules, 1988

A. Conservation of energy

1. 'CIGAR' installed to ensure recovery of waste heat from flash vapours.
2. Installation of Plate Heat Exchanger (PHE) for recovery of heat from Exhaust condensate.
3. Installation of Direct Contact Heater (DCH) for syrup heating with Vapour Corrosion Inhabitors (VCI) vapours. The said vapour is used for raw juice heating, pan washing and sent to boiler as feed water.
4. Drains of exhaust and live steam collected in a vessel and sent to boiler as feed water.
5. Use of Palia design molasses cooler to bring down final molasses temperature received from process.
6. Automation of superheating control system.
7. Upgradation of automation at boiler to improve efficiencies.
8. Use of blow down flash steam for heating of makeup water.
9. Use of vapour cell condensate for super heated wash water for `A` centrifugals.
10. Recovery of heat from Semi Kestner and Vapour Cell by providing flash connection from condensate bottles to successive vapour pipes.
11. Elimination of 'C' of massecuite pumping. A, B, C are types of massecuite pumping.
12. Installation of auto shut off system for under ground water reservoir pumps.
13. Installation of system for re-use of pan body testing water.
14. Excess hot water is given to Bio-Digestor to dilute the feed and heat the same instead of by steam.
15. During off-season raw sugar reprocessing is done by the help of water boiling at evaporator set and condensate is supplied to Boiler to get the better efficiency.
16. Reduction / Elimination of use of High Pressure steam for process.
17. Use of low grade vapour for Pan Boiling by employing Mechanical Circulator.
18. Recovery of waste heat from the clarifier flash tank.
19. Installed Spray Engineering Device make auto system to reduce Power consumption by reduction of injection water.
20. Soda boiling in evaporator bodies by exhaust steam instead of live steam.
21. Use of molasses coolers to cool down fluid molasses before storage.
22. 100% lagging of steam carrying lines to minimize heat loss.
23. 4 x 90 Ton Per Hour 45Kg/cm2 Super Heated temp. 4250C Boilers are installed.
24. 4 Nos. Power Turbine (One No. 15 MW Back pressure with High Tension Alternator Set, One No. 10 MW Back pressure with High Tension Alternator Set, One No. 3 MW Back pressure with Low Tension Alternator Set & One No. 15 MW Condensing cum Extraction with High Tension Alternator Set) are installed.
25. Variable DC Drive motors are installed for Milling Tandem in the Mill for better efficiency.
26. Variable Frequency Drive are installed at boiler and mill bagasse feeder for reduction of power consumption.
27. Automation through Data Control System at Milling & Boiler plant to reduce power consumption.

28. High Pressure (H.P) Sodium vapour lamp/Compact Fluorescent lamp/Tube Light have been fitted to reduce power consumption.
29. Additional power capacitor was installed in the power house & all Motor Control Centre room with Power Control Centre to increase power factor to reduce power consumption.

B. Technology absorption

Efforts made in technology absorption are given in prescribed Form B attached.

C. Foreign exchange earnings and outgo

a) Activities relating to exports; initiative taken to increase exports; development of new export markets for products and services; and export plans:

None

b) Total foreign exchange used and earned.

For the year ended September 30	**2010**	2009
	(Rs. Crore)	(Rs. Crore)
Used	**1,309.66**	13.94
Earned	**-**	4.13

Form-A

Disclosure of particulars with respect to conservation of energy (to the extent applicable)

For the year ended September 30		**2010**	2009
A. Power and Fuel Consumption :			
Electricity			
a) Purchased			
Unit	000 KWH	**4,100**	4,085
Total amount	Rs. Crore	**1.89**	1.92
Rate/Unit	Rs./KWH	**4.61**	4.69
b) Own generation through diesel generator			
Unit	000 KWH	**3,194**	5,265
Unit per litre of Diesel Oil	KWH/LTR	**3.11**	3.17
Total amount	Rs. Crore	**3.71**	5.93
Rate/Unit	Rs./KWH	**11.62**	11.27
c) Own generation through steam turbine			
Unit	000 KWH	**290,225**	185,288
Total amount	Rs. Crore	**Not applicable, as steam is generated by use of own bagasse.**	Not applicable, as steam is generated by use of own bagasse.
Rate/Unit	Rs./KWH		
B. Consumption per unit of production :			
	Industry Standard		
Electricity (KWH/quintal of sugar)	No standard has been fixed	**27.01**	39.46

Form-B

Disclosure of particulars with respect to technology absorption (to the extent applicable)

A. Research and Development (R&D)

Under Sugarcane Research & Development, the activities of 2009-2010 were accelerated as under:

1. Specific areas in which R&D is carried out by the Company

1. Use of bio-compost and mycorrhiza to promote Integrated Nutrient Management in the area.
2. Trial of effectiveness of the new insecticides & pesticides introduced by various pesticide companies before recommendation to the farmers. Use of neem-cake to promote Integrated Pest Management. Promoted more use of organic manure (Bajaj Jaivik) in order to improve the health of soil.
3. Conducting trials for yield enhancement in farmers fields.
4. Replacement of old/rejected varieties of seed with new/improved varieties in flood affected areas.
5. Installation of system of recirculation of mill roller bearing.
6. Adoption of new plantation technique Bud Chip method.
7. Space row planting in place of traditional method of sowing at 3 feet distance.
8. Manure and fertilisers management of sugar cane crop.
9. Use of Drip Irrigation system.
10. Utilisation of Filtrate/Melt/Syrup clarification.
11. Mechanization of sugarcane planting intercultural operations and fertiliser application.
12. Installation of efficient lime classifier.
13. Modifications in Pan save all, bottom plate of auxiliary cane carrier, Anvil plate, Donally chute, imbibitions juice line, bagasse belt conveyor and last mill discharge chute.
14. Installation of stand by oil cooler.
15. Extensive use of bio-fertiliser which included PSB (Phosphate Solubilizing Bacteria) culture, Rhizobium & Azotobactor culture was done in the area to maintain soil fertility & increase productivity.
16. Nucleus Seed of new promising varieties was procured from various research stations and provided to farmers for further propagation.
17. Adoption of agronomical packages, practices and Trench, Autumn planting at Maqsoodapur unit.
18. Installation of system of recirculation of mill roller bearing and rubber juice ring on roller shafts journal.
19. Automation of anti Foam dosing in fermentation.
20. Intercropping of sugar cane with potato, lahi, masur.
21. Installation of Bio-Gas Plant and High COD spent wash feeded to reactors.

2. Benefits derived as a result of above R&D

1. Use of bio-compost and mycorrhiza will reduce the dose of chemical fertilizers and help maintaining the soil fertility as well as meet requirement of major micro–nutrients.
2. Biological control of some of the pests and insects has helped in saving the cost of insecticides thus reducing the cost of cultivation and producing healthy disease free cane and improved soil health.
3. Improvement in farm income for the farmers which will discourage them to switch over to alternate crops.
4. Introduction of promising varieties will result in improved sugar recovery from cane.
5. Boiling of A1 massecuite resulted in quality improvement & loss reduction.
6. To reduce oil consumption, leakage of juice to oil and pollution hazards.
7. By adopting Bud chip technique there is a saving of seed quantity and fast multiplication of high sugar and high early maturing varieties and also replacement of old deteriorating varieties to help in maintaining the proper varietals balance.
8. Increase in average yield of the area resulting in increase in availability of sugar cane to the mill.
9. Condensate available from the water boiling during off-season helps us to reduce the requirement of make up De-Mineralized water and save the energy.
10. Manure and fertilisers management has increased the use of bio compost which helps in maintaining the soil health and has direct impact on cane yields.
11. Drip irrigation has helped in conservation of water and reduced cost of irrigation.
12. Reduction of sulpher consumption and improvement of quality and recovery of sugar.
13. Number of farmers adopted improved cultural practices as a result of extension services by the Company.

14. Reduction of lime consumption.
15. To reduce the consumption of anti foam.
16. Reduction of cost of cultivation to farmers resulting encouragement to sugar cane crop.
17. Installation of Bio-Gas Plant has resulted into higher Gas production.

3. Future plan of actions

1. To optimise varietal balance for ensuring continued improvement in sugar recovery.
2. Use of integrated pests & insects management system (IPMS).
3. Stress on autumn planting in order to reduce the losses caused by floods in rainy season.
4. Promoting extensive use of bio-manure/organic manure in place of fertilisers.
5. Demonstration of different scientific practices of cane cultivation in our factory zones.
6. Promoting better ratoon management practices & multiple rationing to increase cane yield from ratoons also.
7. Accelerating projects for rain water harvesting in the plants with the available facilities.
8. Educate farmers to adopt technical knowhow to increase further productivity.
9. Technology development for low-lying water logged area.
10. Further mechanisation of sugarcane planting, inter-culture operations and fertiliser application.
11. Development of drainage system for draining of rain and flood water.
12. Reduction in Transportation cost of cane by increasing cane intensity in the Gate area.
13. Promoting more use of organic manure (Bajaj Jaivik) for improving the fertility status of soil.
14. We are planning to use Hand Held Terminals at out centres in coming season 2010-11.
15. Implementation of the S.M.S system to inform the farmers for their indent slips and cane payments etc.
16. Usage of soft water for cooling water for turbine oil.
17. Wide row cane planting for water conservation.
18. Alternate fertilisers usage in place of Phosphate fertilisers.
19. Mould Board plough (for deep cultivation), Rotavator (for trash mulching) etc. to ease the agricultural operations as well as help in increasing the productivity.

4. Expenditure on R&D

For the year ended September 30	2010	2009
	(Rs. Crore)	(Rs. Crore)
a) Capital	**Nil**	Nil
b) Recurring	**Nil**	Nil
c) Total	**Nil**	Nil
d) Total R&D expenditure as a percentage of total turnover	**N.A.**	N.A.

B. Technology absorption, adaptation and innovation

1.	Efforts in brief, made towards technology absorption, adaptation and innovation	None
2.	Benefit derived as a result of the efforts	Not applicable
3.	Information regarding technology imported during the last 5 years:	
a)	Technology imported	None
b)	Year of import	Not applicable
c)	Has technology been fully absorbed	Not applicable
d)	If not fully absorbed, areas where this has not taken place, reason therefore, and future plans of action	Not applicable

ANNEXURE-II to Directors' Report for the year ended September 30, 2010

Disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out below:

a)	Options granted till date	11,00,000
b)	Pricing formula	Fixed price of Rs. 100/- per share of the face value of Rs.10/- each. Post sub-division of equity shares by erstwhile Bajaj Hindusthan Sugar and Industries Limited (BHSIL) in August 2006, the Fixed Price was adjusted at Rs. 100/- per 10 shares of the Face value of Re.1/- each. Post Amalgamation of BHSIL with the Company, the exercise Price is adjusted to Rs. 50/- per equity share of the Face Value of Re.1/- each. Entitlement per option is 2 (two) equity shares of face value of Re. 1/- each.
c)	Options vested	11,00,000
d)	Options exercised as at September 30, 2010	2,10,000
e)	The total number of shares arising as a result of exercise of option during the year	Nil
f)	Options lapsed as at September 30, 2010	2,80,000
g)	Variation of terms of options	None
h)	Money realized by exercise of options	Nil during the year.
i)	Total number of options in force as at September 30, 2010	6,10,000
j)	Employee-wise details of options granted during the year to:	
	i) senior managerial personnel	i) Nil
	ii) any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year	ii) 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	iii) Nil
k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earning per share'	Rs.2.51
l)	i) Method of calculation of the employee compensation cost	i) Intrinsic Value Method
	ii) Difference between the employee compensation cost as computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options.	ii) Not Applicable (since all the options have already been vested in the year 2007)
	iii) The impact of this difference on profits and EPS of the Company.	iii) Not Applicable
m)	Weighted average exercise price and weighted average fair value of options	Rs. 100/- and Rs. 322.18 (Post subdivision and Amalgamation Rs. 50/- and Rs. 161.09 respectively)
n)	Description of the method and significant assumption used during the year to estimate the fair value of options:	Rs.322.18 is the fair value of the option calculated using Black Scholes option pricing formula. The variable used for the aforesaid calculation are as follows:
	i) Risk free interest rate	i) 7.86%
	ii) Expected life of options	ii) 4.5 years
	iii) Expected volatility	iii) 119.30%
	iv) Expected dividend	iv) 0%
	v) The price of the underlying shares in the market at the time of option grant	v) Rs. 350.80

Persons constituting group within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, include the following:

Sr. No.	Name of the Entity
1.	A.N. Bajaj Enterprises Pvt. Ltd. (Formerly Known as Krishnavijay Paper and Boards Pvt. Ltd.)
2.	Abhitech Developers Pvt. Ltd.
3.	Anandamayi Trust
4.	Apoorv Trust
5.	Bajaj Allwyn Realty Pvt. Ltd.
6.	Bajaj Capital Ventures Pvt. Ltd.
7.	Bajaj Consumer Care Employees Welfare Fund, Udaipur
8.	Bajaj Consumer Care Employees Welfare Fund, Varanasi
9.	Bajaj Consumer Care Ltd.
10.	Bajaj Corp Ltd.
11.	Bajaj Ebiz Pvt. Ltd.
12.	Bajaj Hindusthan Limited Employees Education Welfare Fund
13.	Bajaj Hindusthan Limited Employees Family Planning Welfare Fund
14.	Bajaj Hindusthan Limited Employees General Medical Aid Fund
15.	Bajaj Hindusthan Limited Employees Sports & Cultural Activities Welfare Fund
16.	Bajaj Hindusthan Limited Managerial Staff Medical Aid Fund
17.	Bajaj Infrastructure Development Co. Ltd.
18.	Bajaj Infrastructure Finance Corporation Pvt. Limited
19.	Bajaj International Realty Pvt. Ltd.
20.	Bajaj Logistics Pvt. Limited
21.	Bajaj Power Ventures Pvt. Ltd.
22.	Bajaj Trustee Company Pvt. Ltd.
23.	Bhoomipooja Shelters Pvt. Ltd.
24.	Bhoomivijay Properties Pvt. Ltd.
25.	Carbery Infrastructure Pte. Ltd.
26.	Esugarindia Clearing Corporation Ltd.
27.	Esugarindia Ltd,
28.	Global World Power Projects Pvt. Ltd.
29.	Golden Shore Investing FZE
30.	Golden Shore Investing Limited
31.	Jagruti Chinni Pvt. Ltd.
32.	Kalakruti Real Estates Pvt. Ltd.
33.	KNB Enterprises Pvt. Ltd. (Formerly Known as Parvati Chinni Pvt. Ltd.)
34.	Kruti Real Estate Pvt. Ltd.
35.	Kushagra Trust
36.	Kushagra Trust no.2
37.	Lambodar Sugars Pvt. Ltd.
38.	Megha Khandsari Pvt. Ltd.
39.	N.H.M Marketing Pvt. Ltd.
40.	New Horizon Investments Ltd.
41.	Shishir Bajaj Family Trust
42.	Shishir Bajaj HUF
43.	SKB Roop Commercial Pvt. Limited (Formerly Known as Roop Sugars Pvt. Ltd.)
44.	Vishwarupe Trust
45.	Yugadikrit Trust
46.	Bajaj Eco-Tec Products Ltd.
47.	Bajaj Aviation Pvt. Ltd.
48.	Bajaj Internacional Participações Ltda.
49.	Bajaj Hindusthan (Singapore) Pte. Ltd.
50.	Bajaj Energy Pvt Ltd. (Formerly known as Bajaj Eco-Chem Products Pvt. Ltd.)
51.	Lalitpur Power Generation Company Ltd.
52.	Bajaj Power Generation Pvt. Ltd. (Formerly known as Kashyap Properties Pvt. Ltd.)

Corporate Governance Report

(Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchanges)

Corporate Governance

Corporate governance is an ever-evolving art to put into practice ethical business conduct that focuses on four of its key elements – transparency, fairness, disclosure and accountability. Primarily, the governance systems affect the way the Company functions and hence impact its performance. While governments can frame regulations that can direct the course of governance in a country and the world, but it is for the companies and management to believe in and implement the legal, economic and social process by which companies are run.

In India, Clause 49 of Listing Agreement of the Indian Stock Exchanges mandates adherence of a code of corporate governance by the listed companies. It encompasses certain mandatory and the non-mandatory clauses in various areas, like, statutory auditor-company relationship, auditor's independence, working of audit committees, board composition and governance, certification of accounts and financial statements by managers and directors, the role of independent directors, etc.

Bajaj Hindusthan has embedded the best of corporate governance practices in its day to day operations aimed at building trust with shareholders, employees, customers, suppliers (including farmers) and diverse stakeholders. The Company's policies on corporate governance and compliance thereof in respect of specific areas for the year ended September 30, 2010, in the format prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges, are set out below for the information of the shareholders and investors of the Company.

Company's philosophy on code of corporate governance

The Company's philosophy on corporate governance is to meet the aspirations and expectations of all stakeholders with an ultimate aim of enhancing the trust and confidence of the stakeholders. This helps the Company to perform better thus culminating into higher productivity of the corporate resources. The ethical values have been sufficiently integrated with business acumen as part of corporate governance framework implemented by the Company. All the employees of the Company are made to firmly believe that ethics facilitate performance. Temperance, values and ethics are not merely used as tactics of symbolism but practiced to supplement quick growth and performance.

Bajaj Hindusthan has a strong legacy of fair, transparent and ethical governance practices. The Company has constantly striven to implement the best corporate governance practices, reflecting its strong values and ethical business conduct aimed at maximising value for shareholders, while ensuring fairness to all stakeholders - customers, employees, investors, vendors, state and central governments, and society at large. Ensuring utmost transparency in all of its functions is of paramount importance for the Company. The corporate governance is not merely a destination but a continuous journey.

The philosophy, principles and practice of corporate governance in Bajaj Hindusthan can be concisely stated as:

- Observance with the true spirit of law rather than just with the letter of law
- Transparency in all business dealings and transactions
- Maintaining a high degree of disclosure levels in timely and accurate manner
- Correct and factual internal and external communication
- Equality in treating all shareholders – the organisation is always keenly conscious of the management's role as a trustee of shareholders' capital
- Clear distinction between personal conveniences and corporate resources

- Compliance with all the applicable law
- Strategic guidance and effective monitoring by the Board of Directors
- The accountability of the Board of Directors to the Company and shareholders

Towards this end all the Directors and Senior Management are committed to adhere to the Company's Code of Conduct and Code for Prevention of Insider Trading. The Management always aims at seeking practical solutions with the objective of strengthening corporate and board governance within the existing framework.

Board of Directors

Composition

The Board of Directors as on September 30, 2010 consists of 8 Directors. 3 of the Directors are Executive Directors, and the remaining 5 Directors are Non-Executive Directors. The Executive Directors consist of 1 Executive Chairman and Managing Director, 1 Joint Managing Director and 1 Whole Time Director. 2 of the 8 Directors belong to the promoter group.

According to Clause 49 of the Listing Agreement, if the Chairman is an Executive Chairman, at least half the Board should consist of Non-Executive Directors and also at least half of the Board shall comprise of Independent Directors. In the case of Bajaj Hindusthan, 63% of its Directors are Non-Executive. Since 4 Non-Executive Directors are Independent Directors, the Company is presently complying with the requirement of having one-half of the total size of the Board as Independent Directors. The Board of Directors of Bajaj Hindusthan, therefore, has a healthy blend of Executive and Non-Executive Directors. Moreover, all the Non-Executive Directors are eminent professionals, and bring the wealth of their professional expertise and experience to the Management of the Company (See Table 1).

TABLE 1: Composition of the Board of Directors during 2009-10

Name	D1N	Position	Age (years)	Directorship Tenure (years)	Relationship with other Director
Mr. Shishir Bajaj	00017612	Promoter/Executive	63	25	Father of Mr. Kushagra Bajaj
Mr. Kushagra Bajaj	00017575	Promoter/Executive	33	4	Son of Mr. Shishir Bajaj
Mr. D. S. Mehta	00038366	Non-Promoter/Non-Executive	74	25	-
Mr. M. L. Apte	00003656	Independent, Non-Executive	77	40	-
Mr. R. V. Ruia	00035853	Independent, Non-Executive	49	9	-
Mr. D. K. Shukla	00025409	Independent, Non-Executive	67	9	-
Mr. Alok Krishna Agarwal	00127273	Independent, Non-Executive	46	4	-
Dr. Sanjeev Kumar	00364416	Non-Promoter/Executive	51	2	-

Outside directorship and membership of board committees

Details of the number of directorships held in other public limited companies and committee positions held by Directors of Bajaj Hindusthan is summarised in Table 2.

TABLE 2: Directorship in other companies/committee position as at September 30, 2010

Name	Directorship	Committee Membership		Committee Chairmanship	
	In all other companies	In listed public companies	Total	In listed public companies	Total
Mr. Shishir Bajaj	5	1	1	Nil	Nil
Mr. Kushagra Bajaj	9	1	1	Nil	Nil
Mr. D. S. Mehta	10	6	6	1	1
Mr. M. L. Apte	8	6	6	Nil	Nil
Mr. R. V. Ruia	8	2	2	1	1
Mr. D. K. Shukla	Nil	1	1	Nil	Nil
Mr. Alok Krishna Agarwal	6	2	2	Nil	Nil
Dr. Sanjeev Kumar	4	Nil	Nil	Nil	Nil

Notes:

1. Private limited companies, foreign companies and companies under Section 25 have been excluded for the purposes of calculating committee positions.
2. Memberships in only Audit Committee and Shareholders & Investors Grievance Committee have been considered for committee positions as per the Listing Agreement.

None of the Directors of Bajaj Hindusthan is a member in more than 10 committees and Chairman of more than 5 committees across all companies in which he is a Director.

Membership term

As per statutory requirements, at least two-third of the Board should consist of retiring Directors. Of these, one-third is required to retire every year by rotation and, if eligible, may seek re-appointment at a general meeting. 6 out of the 8 Directors of Bajaj Hindusthan are such retiring Directors.

Responsibilities of the Chairman & Managing Director and the Joint Managing Director

Presently, the Company has a Chairman & Managing Director (CMD) – Mr. Shishir Bajaj and a Joint Managing Director (JMD) – Mr. Kushagra Bajaj at the helm of affairs. There is clear demarcations of responsibility and authority between the two :

- The CMD is responsible for monitoring Bajaj Hindusthan's core management team in transforming the Company into a world-class global organisation. He also interacts with global thought-leaders to enhance the leadership position of Bajaj Hindusthan. As Chairman of the Board, he is also responsible for all Board matters.
- The JMD is responsible for corporate strategy, brand equity, planning, external contacts and other management matters. He is also responsible for achieving the annual business plan, taking new initiatives, acquisitions and investments.

The Chairman, Executive Directors and the senior management provide periodic reports to the Board on their responsibilities, performance and targets.

Pecuniary relationship and transactions of non-executive directors with Bajaj Hindusthan

The register of contracts maintained by the Company, pursuant to the provisions of Section 301 of the Companies Act, 1956, contains particulars of all contracts or arrangements to which Section 297 or 299 applies. The register is signed by all the Directors present during the respective Board meetings held from time to time.

Board procedures

Board Meetings and Attendance

During the financial year 2009-10, the Board met sixteen times. (See Table 3)

TABLE 3: Board Meetings

Date of Board Meeting	Duration of gap from previous Board Meeting	Maximum gap permitted as per Clause 49
October 27, 2009	41 days	120 Days
November 13, 2009	15 days	
November 25, 2009	11 days	
December 15, 2009	19 days	
January 08, 2010	23 days	
February 05, 2010	27 days	
March 04, 2010	26 days	
April 19, 2010	45 days	
May 11, 2010	21 days	
June 14, 2010	33 days	
June 17, 2010	2 days	
June 24, 2010	6 days	
July 23, 2010	28 days	
August 11, 2010	18 days	
September 7, 2010	26 days	
September 21, 2010	13 days	

The maximum time gap between any two meetings is much less compared to the mandated requirement of not more than 4 months in Clause 49. Generally the dates of the meetings were decided well in advance.

The details of attendance of Directors at the sixteen Board meetings held during the financial year 2009-10 and at the last Annual General Meeting held on March 18, 2010 are given in Table 4.

TABLE 4: Attendance at the meetings of the Board of Directors during 2009-10

Name	Position	Board Meetings held	Board Meetings attended	Whether attended previous AGM on 18th March, 2010
Mr. Shishir Bajaj	Promoter / Executive	16	13	Yes
Mr. Kushagra Bajaj	Promoter / Executive	16	13	Yes
Mr. D. S. Mehta	Non-Promoter /Non-Executive	16	13	Yes
Mr. M. L. Apte	Independent	16	14	Yes
Mr. R. V. Ruia	Independent	16	14	Yes
Mr. D. K. Shukla	Independent	16	8	Yes
Mr. Alok Krishna Agarwal	Independent	16	6	No
Dr. Sanjeev Kumar	Non-Promoter/ Executive	16	2	No

Information supplied to the Board

The Board of Bajaj Hindusthan has complete access to any information within the Company and to any employee of the Company. At the meetings, the Board is provided with all the relevant information on important matters affecting the working of the Company as well as all the related details that require deliberation by the members of the Board.

Comprehensive information regularly provided to the Board, *inter alia*, include:

i) Annual operating plans, budgets and updates;

ii) Production, sales and financial performance statistics;

iii) Expansion plans, capital expenditure budgets and updates;

iv) Plant-wise operational review;

v) Quarterly financial results with segment-wise information;

vi) Minutes of meetings of Audit, Remuneration, Shareholders' and Investors' Grievance, and Management Committees, as well as the abstracts of the circular resolutions passed;

vii) General notices of interest;

viii) Staff matters, including senior appointments;

ix) Materially important legal proceedings by or against the Company;

x) Share transfer and dematerialisation compliance;

xi) Significant developments relating to labour relations and human resource relations;

xii) Voluntary retirement schemes;

xiii) Fatal/serious accidents or mishaps and any material effluent or pollution problems;

xiv) Details of foreign exchange exposure and steps taken by management to limit the risk of adverse rate movement;

xv) Details of acquisition plans;

xvi) Information Technology strategies and related investments;

xvii) Legal compliances reporting system; and

xviii) Insider trading-related disclosure procedures and such other matters.

Board Committees

As of September 30, 2010, the Board had four committees (See Table 5)

TABLE 5: Board Committees as of September 30, 2010

Committee	Members (Position)
Audit Committee	Mr. R.V. Ruia, Chairman* (Non-Executive, Independent) Mr. D. K. Shukla (Non-Executive, Independent) Mr. Alok Krishna Agarwal (Non-Executive, Independent)
Remuneration & Compensation Committee (Earlier known as Remuneration Committee upto August 11, 2010)	Mr. D. S. Mehta, Chairman* (Non-Executive) Mr. M. L. Apte (Non-Executive, Independent) Mr. R.V. Ruia (Non-Executive, Independent) Mr. D. K. Shukla (Non-Executive, Independent)
Shareholders & Investors Grievance Committee	Mr. D. S. Mehta, Chairman* (Non-Executive) Mr. Shishir Bajaj (Chairman & Managing Director) Mr. R.V. Ruia (Non-Executive, Independent)
Management Committee	Mr. Shishir Bajaj, Chairman *(Chairman & Managing Director) Mr. Kushagra Bajaj (Joint Managing Director) Mr. D. S. Mehta (Non-Executive) Dr. Sanjeev Kumar Director (Corporate & Legal Affairs)

*Chairman of the respective Committee.

The Board is responsible for the constituting, assigning, co-opting and fixing of terms of service for committee members of various committees. The Chairman of the Board, in consultation with the Company Secretary of the Company and the Committee Chairman, determines the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the full Board for approval. The quorum for meetings is either two members or one-third of the members of the committees, whichever is higher. In the case of all the above committees of Bajaj Hindusthan, two members constitute the quorum. During the year GDR Committee was dissolved and its powers were delegated to Management Committee. Share Transfer Committee was also dissolved during the year and its powers were delegated to certain Directors/ Officers of the Company.

Code of Conduct

The Company has adopted a Code of Conduct for the Directors and senior management of the Company. The same has been posted on the website of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. The Declaration by the Chairman and Managing Director to that effect forms part of this Report.

Audit Committee

Constitution and Composition

The Audit Committee in Bajaj Hindusthan was constituted in 1989. The scope and terms of reference and working of the Audit Committee are constantly reviewed and appropriate changes are made from time to time for greater effectiveness of the committee. Presently, these conform to the requirements of Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

Meetings and Attendance

The Audit Committee met five times during the year on the following dates:

Date of Audit Committee Meetings	Duration of Meeting
December 15, 2009	25 minutes
January 8, 2010	25 minutes
May 11, 2010	20 minutes
August 11, 2010	20 minutes
September 21, 2010	25 minutes

The attendance of each Committee Member is provided in Table 6.

TABLE 6: Attendance at the meetings of the Audit Committee of Directors during financial year 2009-10

Name of Committee Members	Position	Meetings held	Meetings attended
Mr. R.V. Ruia, Chairman	Non-Executive, Independent	5	3
Mr. D. K. Shukla	Non-Executive, Independent	5	5
Mr. Alok Krishna Agarwal	Non-Executive, Independent	5	3

All the above members possess sound knowledge of accounts, audit and finance.

Mr. Shishir Bajaj, Chairman and Managing Director and Mr. Kushagra Bajaj, Joint Managing Director, are permanent invitees to the Audit Committee Meetings. In additionl the heads of the Finance and Internal Audit functions, representatives of Statutory Auditors, Cost Auditors and other executives as are considered necessary, generally attended these meetings. The Company Secretary acted as the Secretary to the Audit Committee.

Brief description of Terms of Reference

The terms of reference of Audit Committee are quite comprehensive and include all requirements mandated under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The Committee focused its attention on overseeing and monitoring the financial reporting system within the Company, considering quarterly, half-yearly and annual financial results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, review of annual budgets, annual internal audit plans, legal compliance reporting system, implementation of SAP, review of internal control systems, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy and uses of proceeds from Preferential Issue. The Audit Committee also continued to advise the management on areas where greater internal control and internal audit focus was needed and on new areas to be taken up for audit. These were based on the Committee's discussions and review of the observations of the reports submitted by

the Company's Internal Audit Department on systems and controls, cost control measures and statutory compliance in various functional areas.

Remuneration & Compensation Committee

Composition of the Committee

The composition of the Remuneration & Compensation Committee is given in Table-5 above.

Terms of Reference

The Remuneration Committee was constituted in 2003 and has been re-christened as Remuneration & Compensation Committee with effect from August 11, 2010 with the following terms of reference :

a. To determine the Company's policy on remuneration to Executive Directors and their relatives working in the Company, including pension rights and compensation payments.

b. To approve the remuneration payable to all managerial personnel (under the Companies Act, 1956) including Executive Directors.

c. To monitor ESOP Scheme promulgated by erstwhile Bajaj Hindusthan Sugar & Industries Limited till the Scheme is in force.

Meeting and Attendance

The Remuneration & Compensation Committee met once during the year under review. The attendance of each Committee Member is provided in Table -7.

TABLE 7: Attendance at the meeting of the Remuneration & Compensation Committee of Directors during financial year 2009-2010.

Name of Committee Members	Position	Meeting held	Meeting attended
Mr. D. S. Mehta, Chairman	Non-Executive	1	1
Mr. M. L. Apte	Non-Executive, Independent	1	1
Mr. R.V. Ruia	Non-Executive, Independent	1	1
Mr. D. K. Shukla	Non-Executive, Independent	1	1

Remuneration Policy

The Remuneration & Compensation Committee is fully empowered to determine/approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Whole-time Director and Managing Directors after taking into account the financial position of the Company, trend in the industry, qualifications, experience, past performance and past remuneration, etc.

The Non-Executive Directors are paid sitting fees for every meeting of the Board and its Committees attended by them.

Remuneration to Directors

Remuneration of Non-Executive Directors

Non-Executive Directors were paid a sitting fee of Rs.10,000 for attending each Board Meeting and Rs.5,000 for attending each Committee Meeting. The details of sitting fees paid to Non-Executive Directors during the financial year 2009-10 are provided in Table-8.

Remuneration of Executive Directors

The Executive Directors – Mr. Shishir Bajaj, Mr. Kushagra Bajaj and Dr. Sanjeev Kumar were paid remuneration as per their respective terms of appointment approved by the shareholders of the Company.

On his retirement, Mr. Shishir Bajaj is entitled to superannuation benefits payable in the form of an annuity from the Life Insurance Corporation of India and these form part of the perquisites approved for him. Mr. Kushagra Bajaj and Dr. Sanjeev Kumar are not entitled to superannuation benefits. No pension is paid by the Company to any of the Directors.

Stock Options do not form part of the remuneration package payable to any Executive Director and/or Non-Executive Director. During the period under review, none of the Directors was paid any performance-linked incentive. The Company did not advance any loans to any of the Executive and/or Non-Executive Directors during the period under review.

The details of remuneration paid to the directors of the Company are given in Table 8.

TABLE 8: Remuneration of Directors during financial year 2009-10

Name of Directors	Relationship with other directors	Salary	Commission	Sitting fees	Total	Notice period
		Rupees				
Mr. Shishir Bajaj, Chairman & Managing Director	Father of Mr. Kushagra Bajaj	20,593,018	--	--	20,593,018	N.A.
Mr. Kushagra Bajaj, Joint Managing Director	Son of Mr. Shishir Bajaj	14,903,790	--	--	14,903,790	N.A.
Mr. D. S. Mehta	--	--	--	175,000	175,000	N.A.
Mr. M. L. Apte	--	--	--	145,000	145,000	N.A.
Mr. R. V. Ruia	--	--	--	190,000	190,000	N.A.
Mr. D.K. Shukla	--	--	--	110,000	110,000	N.A.
Mr. Alok Krishna Agarwal	--	--	--	75,000	75,000	N.A.
Dr. Sanjeev Kumar, Director (Corporate & Legal Affairs)	--	7,470,434	--	--	7,470,434	N.A.

Note: The term of office of Mr. Shishir Bajaj and Mr. Kushagra Bajaj is 5 years from the date of their respective reappointment/appointment. The term of office of Dr. Sanjeev Kumar is 5 years from the date of appointment. The Company does not have any service contract with any of the Directors.

Shareholders & Investors Grievance Committee

The Shareholders and Investors Grievance Committee was constituted in 2003 by the Board for a speedy disposal of all grievances/complaints relating to shareholders/investors. Reference to this Committee has been made by SEBI in Clause 49 of the Listing Agreement.

The Committee specifically looks into the redressal of shareholder and investor complaints on matters relating to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, etc. In addition, the Committee advises on matters which can facilitate better investor services and relations.

Mr. Kausik Adhikari, Deputy Company Secretary, is designated as the Compliance Officer.

The Company has designated the email id "investor.complaints@bajajhindusthan.com" exclusively for the purpose of registering complaints by investors electronically. This e-mail id is displayed on the Company's website i.e. www.bajajhindusthan.com.

The following table shows the nature of complaints received from shareholders during 2009-10.
3 complaints pending as on September 30, 2010, have since been disposed off.

Nature of Complaints received during 2009-10	Number of Complaints
Non-receipt of Dividend / Dividend warrant	15
Non-receipt of share certificate	5
Non-receipt of Annual Report	6
Legal and others	2
Total	**28**

Meetings and Attendance

During the year under review, the Shareholders & Investors Grievance Committee met once. The attendance of each Committee Member is provided in Table 9.

TABLE 9: Attendance at the meeting of the Shareholders and Investors Grievance Committee of Directors during the financial year 2009-10

Name of Committee Members	Position	Meeting Held	Meeting Attended
Mr. D. S. Mehta, Chairman	Non-Executive	1	1
Mr. Shishir Bajaj	Chairman & Managing Director	1	1
Mr. R. V. Ruia	Non-Executive, Independent	1	1

Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and compliance with the non-mandatory requirements of this clause has been detailed hereunder :

Remuneration & Compensation Committee

The Company has a Remuneration & Compensation Committee, the details of which are provided in this Report under the section "Remuneration & Compensation Committee".

Shareholders' Right

Half yearly performance reports are sent to every Shareholder of the Company.

Audit Qualification

It is always the Company's endeavor to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

Training of Board Members

Directors are fully briefed on all business-related matters, risk assessment and new initiatives proposed by the Company.

Whistle Blower Policy

The Board of Directors of the Bajaj Hindusthan Limited (BHL) and Chairman & Managing Director of the Company are committed to maintain the highest standards of honesty, openness and accountability and recognise that each and every person in BHL has an important role to play in achieving the organisational goals. It is the policy of the Company to encourage employees, when they have reasons to suspect questionable accounting/audit practices, or the reporting of fraudulent financial information to shareholders, the Government or the financial markets, and/or serious misconduct otherwise, to report those concerns to the Company's management.

Subsidiary Companies

At present the Company has no materially Indian unlisted subsidiary company. Accordingly, the requirement of appointing at least one Independent Director on the Board of Directors of the materially Indian unlisted subsidiary is not applicable.

The Board reviews the financial statements particularly investments made by its Indian unlisted subsidiary companies and the minutes of the Board meeting of the unlisted subsidiary companies are placed at the Board meeting of the Company along with a statement of all significant transactions and arrangements entered into by the Indian unlisted subsidiary company.

Information to Shareholders

General information of shareholders' interest is set out in a separate section titled "Shareholder Information".

Auditors' Certificate on Corporate Governance

The Company has obtained a certificate from its Auditors testifying to its compliance with the provisions relating to Corporate Governance laid down in Clause 49 of the Listing Agreement with the stock exchanges. This certificate is annexed to the Directors' Report for the year 2009-10 and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Report on Corporate Governance

This section, read together with the information given in the sections entitled (i) Management Discussion and Analysis and (ii) Shareholders information, constitutes a detailed compliance report on Corporate Governance during the financial year 2009-10.

Management Discussion and Analysis

Management Discussion and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report.

Steps for Prevention of Insider Trading Practices

In compliance with the SEBI (Prevention of Insider Trading) Regulations as amended in 2008, the Company has issued a comprehensive set of guidelines after incorporating the amendments prescribed by SEBI, advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in equity shares of Bajaj Hindusthan Limited and disclosure requirements in this regard. The Company believes that 'The Code of Internal Procedure and Conduct' and 'The Code of Corporate Disclosure Policies' that it has framed in this regard will help in ensuring compliance with the amended SEBI regulations.

Material Disclosures and Compliance

There were no transactions of material value with related parties viz. promoters, Directors or the management, subsidiaries or relatives having any potential conflict with the interests of the Company.

Details of Non-compliance

There were no instances of non-compliance on any matter related to the capital markets during the last three years. No penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during last three years.

Shareholder Information

Information on general body meetings

Date, Time and Venue of 79th AGM :	Tuesday, the 22nd day of March, 2011 at 11.30 A.M. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

The previous three Annual General Meetings (AGM) of the Company were held on the following date, time and venue. (See Table 10)

TABLE 10: Date, Time and Venue of Annual General Meetings held :

AGM	Day, Date & Time	Venue
76th AGM	Tuesday, 26th February, 2008 at 11.00 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
77th AGM	Tuesday, 24th March, 2009 at 11.00 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
78th AGM	Thursday, 18th March, 2010 at 11.30 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

The summary of Special Resolutions and other important resolutions passed at the previous 3 Annual General Meetings and status of implementation thereof is reported below. The Company has not passed any Resolution through Postal Ballot during the year under reference.

76th AGM

Subject matter of the Resolutions	Type of Resolutions	Status of Implementation
1. Appointment of Mr. Alok Krishna Agarwal as Director of the Company, liable to retire by rotation.	Ordinary Resolution	Implemented
2. Appointment of Mr. Kushagra Bajaj as Joint Managing Director of the Company.	Ordinary Resolution	Implemented
3. Appointment and remuneration of Mr. Kushagra Bajaj as Joint Managing Director of the Company for a period of five (5) years with effect from April 24, 2007.	Special Resolution	Implemented
4. Revision in the remuneration payable to Mr. Shishir Bajaj, Managing Director up to the remaining tenure of his present term.	Special Resolution	Implemented
5. Payment of remuneration to Chief Executive Director for a period of October 1, 2006 to October 18, 2007.	Special Resolution	Implemented
6. Re-appointment and remuneration of Mr. I.D. Mittal as Chief Executive Director of the Company for a period of three (3) years with effect from October 19, 2007.	Special Resolution	Implemented
7. Resolution under Section 81(1A) of the Companies Act, 1956 regarding further issue of share capital read with SEBI (DIP) Guidelines, 2000.	Special Resolution	Not Implemented as validity of resolution expired under SEBI (DIP) Guidelines, 2000.

77th AGM

Subject matter of the Resolutions	Type of Resolutions	Status of Implementation
1. Re-appointment and remuneration of Mr. Shishir Bajaj as Managing Director of the Company, for a further period of five (5) years with effect from July 1, 2008.	Special Resolution	Implemented
2. Resolution under Section 81(1A) of the Companies Act, 1956 regarding further issue of share capital read with SEBI (DIP) Guidelines, 2000.	Special Resolution	Implemented
3. Resolution under Section 293(1)(d) of the Companies Act, 1956 regarding authority to Board of Directors to borrow money up to a sum not exceeding Rs.2500 crore in excess of paid up capital and free reserves.	Ordinary Resolution	Implemented
4. Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of security for additional borrowings.	Ordinary Resolution	Implemented
5. Appointment of Mr. D. K. Shukla as Director of the Company, liable to retire by rotation.	Ordinary Resolution	Implemented

78th AGM

Subject matter of the Resolutions	Type of Resolutions	Status of Implementation
1. Appointment of Dr. Sanjeev Kumar as Director of the Company, liable to retire by rotation.	Ordinary Resolution	Implemented
2. Revision in the remuneration payable to Mr. Shishir Bajaj, Managing Director up to the remaining tenure of his present term.	Special Resolution	Implemented
3. Resolution under Section 293(1)(d) of the Companies Act 1956 regarding authority to Board of Directors to borrow money up to a sum not exceeding Rs.6000 crore in excess of paid up capital and free reserves.	Ordinary Resolution	Implemented
4. Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of security for additional borrowings.	Ordinary Resolution	Implemented
5. Resolution Under Sections 16, 94 and other applicable provisions of the Companies Act, 1956 for reclassification of Authorised Capital of the Company by re-classifying unclassified` shares as equity shares.	Ordinary Resolution	Implemented

Financial Calendar

Financial Year 2009-10	:	October 1, 2009 to September 30, 2010
Audited Annual Results for the year ended September 30, 2010	:	December 20, 2010
Mailing of Annual Report	:	Third week of February 2011
Unaudited first quarter financial result	:	Second week of February 2011
Unaudited second quarter financial results	:	Second week of May 2011
Unaudited third quarter financial results	:	Second week of August 2011

Dividend Announcement

The Board of Directors of the Company has recommended a dividend of 70% (Re.0.70 per share) on the equity share of the face value of Re.1/- each for the year ended September 30, 2010, subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting. The Dividend paid in the previous year was also 70%.

Date of Book Closure :

March 12, 2011 to March 22, 2011 (both days inclusive).

Date of Dividend Payment :

On or after March 22, 2011 but within the statutory time limit of 30 days. The dividend on equity shares of the Company as recommended by the Board of Directors of the Company, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be paid on or after March 22, 2011 as under:-

a) To all those beneficial owners in respect of the shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on March 11, 2011; and

b) To all those shareholders in respect of the shares held in physical form after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on March 11, 2011.

Payment of Dividend

Dividend will be paid by account payee/non-negotiable instrument or through NECS/RTGS/Electronic Clearing Service (ECS) as notified by the SEBI through the stock exchanges. The Company has already written to all the shareholders setting out in detail the procedure to be followed for availing this facility, however the response was not encouraging. In view of the advantages of receiving dividend through NECS/RTGS/ECS, shareholders are requested to opt for this mode. The details of action required to be taken by shareholders in this regard are outlined in the notice of the annual general meeting. For further clarifications or additional details, Shareholders may please contact the Company.

The declared dividend is usually paid by the Company within three working days.

Unclaimed Dividends

Unclaimed dividends up to 1994-95 have been transferred to the General Revenue Account of the Central Government. Those who have not encashed their dividend warrants for the period prior to and including 1994-95 are requested to claim the amount from Registrar of Companies - Maharashtra, CGO Building, 2nd Floor, "A" Wing, Opp. Police Commissioner's Office, C.B.D. Belapur, Navi Mumbai – 400 614.

In view of amended Section 205-C of the Companies Act, 1956, followed by the issue of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund (the fund) set up by the Central Government.

Accordingly, unpaid/unclaimed dividends for the years 1995-96 to 2001-02 were transferred by the Company to the said fund on respective due dates. This would be followed by the transfer of the amounts of unpaid/ unclaimed dividends every year in respect of dividends for subsequent years. No claims shall lie thereafter against the fund or the Company in respect of such amounts transferred. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years from 2002-03 onwards, before the respective amounts become due for transfer to the fund. The details of unclaimed dividend are as under: -

Year	No. of shareholders	Amount (Rs.)	Due date of transfer to Investor Education and Protection Fund
2002-2003	2976	235,791.00	30/04/2011
2003-2004	3353	317,645.60	06/05/2012
2004-2005	3538	332,020.00	03/05/2013
2005-2006	13245	879,109.20	05/05/2014
2006-2007	10583	685,440.00	02/04/2015
2007-2008	15199	1,187,403.00	29/04/2016
2008-2009	12177	1,259,276.00	23/04/2017

Information on Directors being appointed/ re-appointed

The information regarding Directors seeking appointment/re-appointment at the ensuing Annual General Meeting is given under Annexure to items 3 & 4 of the Notice convening Annual General Meeting.

Communication to Shareholders

The Company has published its quarterly, half-yearly and annual results in all the editions of The Economic Times (English) and Lakshadeep (vernacular), Mumbai. Quarterly results were sent to the Stock Exchanges immediately after the Board approved them. The financial results and other relevant information are regularly and promptly updated on the website of the Company www.bajajhindusthan.com. The half yearly report on financial and other operational performance was sent to each household of shareholders.

In terms of Clause 52 of the Listing Agreement, the Company has started voluntarily filing of financial statements under Corporate Filings & Dissemination System (CFDS). The Compliance Officer is responsible for ensuring correctness, authenticity & comprehensiveness of the filings. The Company shall file all information, statements and reports under Corporate Filing & Dissemination System (CFDS) in a phased manner.

Share Transfer

The power to approve share transfer/transmission, etc. as well as the dematerialisation/ rematerialisation has been delegated to Mr. Shishir Bajaj, Chairman & Managing Director and in his absence to Mr. D. S. Mehta, Director of the Company. With effect from December 15, 2009, the Share Transfer Committee has been dissolved and the aforesaid powers have been delegated to certain directors/officers of the Company. All transfers pertaining to shares held in physical form as well as requests for dematerialisation/ rematerialisation are processed in fortnightly cycles.

Registrar and Transfer Agent

Sharepro Services (India) Private Limited, as the Registrar and Share Transfer Agents of Bajaj Hindusthan, handle all share transfers and related processes. They provide the entire range of services to the Shareholders of the Company relating to share transfers, change of address or mandate and dividend. The electronic connectivity with both the depositories - National Securities Depository Limited and Central Depository Services (India) Limited is also handled by Sharepro Services (India) Private Limited.

Share Transfer System

Share transfers received by the Company are registered within 15 days from the date of receipt in most of the cases, provided the documents are complete in all respects.

The number of shares transferred in physical category during the year 2009-10 was 5370 as compared to shares 38480 in 2008-09.

Dematerialisation of Shares

During the year 2009-10, 172030 shares were dematerialised as compared to 40905040 shares during the year 2008-09. The distribution of shares in physical and electronic modes as at September 30, 2010 and September 30, 2009. (See Table 11)

TABLE 11: Details of Shares held in physical and electronic mode

Categories	Position as at September 30, 2010		Position as at September 30, 2009		Shares Dematerialised during financial year 2009-10	
	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding
Physical	3418704	1.80	3590734	2.03	-172030	-0.08
Demat:						
NSDL	172141647	89.95	157146990	88.86	14994657	7.83
CDSL	15796760	8.25	16119387	9.11	-322627	-0.16
Sub-total	187938407	98. 20	173266377	97.97	14672030*	7.67
Total	**191357111**	**100.00**	**176857111**	**100.00**	**-**	**-**

*includes 1,45,00,000 equity shares allotted during the year in electronic form

Listing on stock exchanges and stock codes

The Company's equity shares are listed and traded on the following stock exchanges :

Name	Address	Stock Code	Reuters Code
Bombay Stock Exchange Ltd. (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	500032	BJHN.BO
The National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051	BAJAJHIND	BJHN.NS

The ISIN Number of Company's Equity Shares (face value of Re.1/- per share) for NSDL & CDSL: INE306A01021

The Company's GDR and Foreign Currency Convertible Bonds (FCCBs) are listed and traded on the following Stock Exchanges :

Name	Address	Stock Code
Bourse de Luxembourg	BP 165 L-2011 Luxembourg Seige social 11, avenue de la Porte - Neuve	GDR: US05710P2039 Bonds: USY0547CAA46
London Stock Exchange	10 Patemoster Square London ECAM 7LS	GDR: US05710P1049

Company has paid listing fees for the Financial Year 2009-10 to all the stock exchanges where its securities are listed.

Market Price Data

Equity Shares

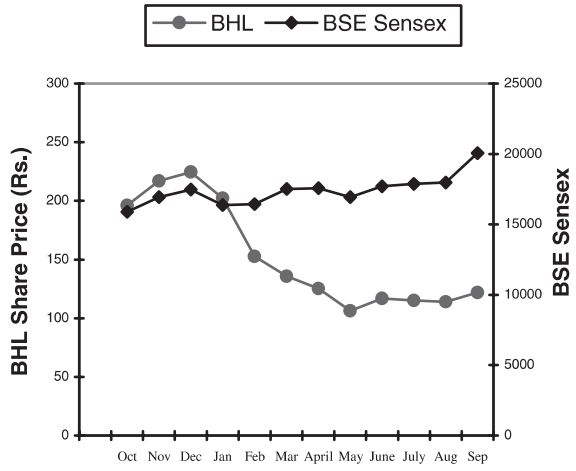
The details of high/low market price of the equity shares of the Company at Bombay Stock Exchange Limited (BSE) and at The National Stock Exchange of India Limited (NSE) during the last accounting year of the Company are provided hereunder. (See Table 12)

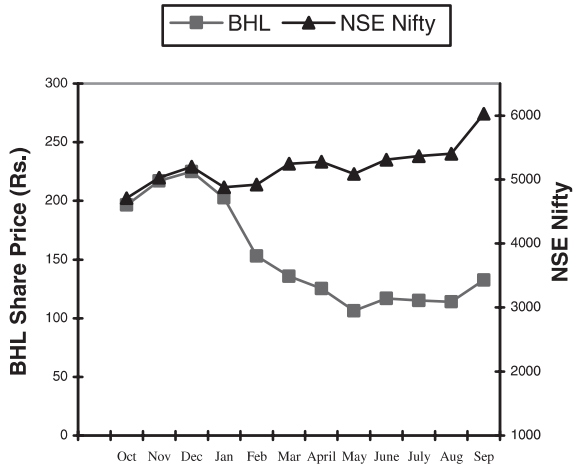
TABLE 12: Monthly high/low Market Price of Equity Shares of Bajaj Hindusthan Limited during financial year 2009-10

Month	Quotation at BSE			Quotation at NSE		
	HIGH	LOW	CLOSING	HIGH	LOW	CLOSING
	FV Re.1	FV Re.1	FV Re.1	FV Re.1	FV Re.1	FV Re.1
October 2009	241.80	174.90	196.25	241.55	174.50	196.45
November 2009	228.35	186.40	217.00	228.40	186.30	217.10
December 2009	230.00	202.50	224.75	229.80	202.40	224.90
January 2010	242.90	187.75	202.45	242.75	187.50	202.50
February 2010	211.00	149.00	152.80	210.10	148.55	152.90
March 2010	168.45	133.00	135.65	167.60	132.20	135.70
April 2010	142.80	120.65	125.35	142.70	120.55	125.40
May 2010	126.70	98.80	106.45	126.65	98.00	106.45
June 2010	121.25	105.60	116.85	121.20	105.60	116.95
July 2010	123.10	111.15	115.25	123.20	111.10	115.25
August 2010	127.80	110.00	113.95	127.85	102.20	113.95
September 2010	136.70	114.90	132.70	136.90	108.70	132.70

The comparable movements of Bajaj Hindusthan's shares against the broad based indices, namely BSE Sensex and NSE Nifty during the year ended September 30, 2010 is depicted in Chart A.

CHART A: Relative Performance of Bajaj Hindusthan's shares versus BSE Sensex/NSE Nifty :





Distribution of Shareholding

The shareholding distribution as at September 30, 2010 (See Table 13)

TABLE 13: Shareholding distribution as at September 30, 2010

Category	No. of shareholders	% of total holders	No. of Shares	% of Capital
Upto 5000	104213	99.26	20478870	10.70
5001 to 10000	341	0.32	2427007	1.27
10001 to 20000	165	0.16	2295018	1.20
20001 to 30000	62	0.06	1531125	0.80
30001 to 40000	35	0.03	1241785	0.65
40001 to 50000	22	0.02	1000486	0.52
50001 to 100000	41	0.04	3171916	1.66
100001 and above	114	0.11	159210904	83.20
Total	**104993**	**100.00**	**191357111**	**100.00**

Shareholding Pattern

Table 14 gives the shareholding pattern of the Company as at September 30, 2010

TABLE 14: Shareholding pattern as at September 30, 2010

Category	September 30, 2010		September 30, 2009	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoters	79969365	41.79	65561186	37.07
Mutual Funds/UTI	1531220	0.80	11300446	6.39
Financial Institutions/Banks	829125	0.43	992350	0.56
Insurance Companies	14642340	7.65	9586465	5.42
Foreign Institutional Investors	31938290	16.69	30005383	16.97
NRIs & OCBs	1171981	0.61	1068651	0.60
GDRs'	1600600	0.84	1639473	0.93
Others	59674190	31.19	56703157	32.06
Total	**191357111**	**100.00**	**176857111**	**100.00**

Investor Services

The Company under the overall supervision of Mr. Pradeep Parakh, Group President (GRC) & Company Secretary is committed to provide efficient and timely services to its shareholders. Till July 2004 all the share transfers and related process were being conducted in-house. Since August 2004, the Company has appointed M/s. Sharepro Services (India) Private Limited as its registrar and share transfer agents for rendering the entire range of services to the shareholders of the Company in regard to share transfer, change of address, change of mandate, dividend, etc. The electronic connectivity with both the depositories - National Securities Depository Limited and Central Depository Services (India) Limited was also shifted to M/s. Sharepro Services (India) Private Limited as against the earlier arrangements made with the connectivity by group company Bajaj Auto Limited with these depositories.

Outstanding GDRs or warrants or any convertible instrument, conversion dates and likely impact on equity

Outstanding instruments	No. of GDR/ Bonds	Value in USD	Conversion dates	Likely impact on equity shares of the Company
GDRs	1600600	N.A.	N.A.	N.A.
Zero Coupon Convertible Bonds of USD 120 million due 2011	99572	99572000	February 02, 2011	9430884 equity shares
Foreign Currency Convertible Bonds issued to International Finance Corporation, Washington of USD 15 million	100	15000000	June 16, 2014	2449950 equity shares

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of all the registered shareholder/s. The prescribed form for such nomination can be obtained from the Company. Nomination facility in respect of shares held in electronic form is also available with depository participant (DP) as per the bye-laws and business rules applicable to NSDL and CDSL.

Plant Locations

Sugar Mills

1. Golagokarannath, District Lakhimpur Kheri, Uttar Pradesh
2. Palia Kalan, District Lakhimpur Kheri, Uttar Pradesh
3. Kinauni, District Meerut, Uttar Pradesh
4. Thanabhawan, District Muzaffarnagar, Uttar Pradesh
5. Budhana, District Muzaffarnagar, Uttar Pradesh
6. Bilai, District Bijnor, Uttar Pradesh
7. Barkhera, District Pilibhit, Uttar Pradesh
8. Khambarkhera, District Lakhimpur, Uttar Pradesh
9. Gangnauli, District Saharanpur, Uttar Pradesh
10. Maqsoodapur, District Shahjahanpur, Uttar Pradesh
11. Pratappur, District Deoria, Uttar Pradesh
12. Rudauli, District Basti, Uttar Pradesh
13. Utraula, District Balrampur, Uttar Pradesh
14. Kundarkhi, District Gonda, Uttar Pradesh

Distillery

1. Golagokarannath, District Lakhimpur Kheri, Uttar Pradesh
2. Palia Kalan, District Lakhimpur Kheri, Uttar Pradesh (Leased to a third Party)
3. Kinauni, District Meerut, Uttar Pradesh
4. Khambarkhera, District Lakhimpur, Uttar Pradesh
5. Gangnauli, District Saharanpur, Uttar Pradesh
6. Rudauli, District Basti, Uttar Pradesh

Co-Generation

1. Palia Kalan, District Lakhimpur Kheri, Uttar Pradesh
2. Barkhera, District Pilibhit, Uttar Pradesh
3. Khambarkhera, District Lakhimpur Kheri, Uttar Pradesh
4. Kinauni, District Meerut, Uttar Pradesh
5. Thanabhawan, District Muzaffarnagar, Uttar Pradesh
6. Budhana, District Muzaffarnagar, Uttar Pradesh
7. Bilai, District Bijnor, Uttar Pradesh
8. Gangnauli, District Saharanpur, Uttar Pradesh
9. Maqsoodapur, District Shahjahanpur, Uttar Pradesh
10. Golagokarannath, District Lakhimpur Kheri, Uttar Pradesh

11. Pratappur, District Deoria, Uttar Pradesh
12. Rudauli, District Basti, Uttar Pradesh
13. Utraula, District Balrampur, Uttar Pradesh
14. Kundarkhi, District Gonda, Uttar Pradesh

Address for Correspondence

Investors and shareholders can correspond with :

1) The Company at the following address :
   Secretarial Department
   Bajaj Hindusthan Limited
   Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg,
   226, Nariman Point, Mumbai - 400 021
   Tel: (9122) 22049056 Fax: (9122) 22048681
   E-mail: investor.complaints@bajajhindusthan.com
   Website: www.bajajhindusthan.com

AND/OR

2) The Registrars and Share Transfer Agents of the Company M/s. Sharepro Services (India) Pvt. Limited at their following address: -

By Post/ Courier/ Hand Delivery	By Hand Delivery
M/s Sharepro Services (India) Private Limited Unit : Bajaj Hindusthan Limited 13AB Samhita Warehousing Complex 2nd Floor, Sakinaka Telephone Exchange Lane Off. Andheri-Kurla Road, Sakinaka, Andheri (E) Mumbai 400 072 Phone No. (022) 6772 0400/ 001/002 Fax No. (022) 2850 8927, 2859 1568 Email: sharepro@shareproservices.com	M/s Sharepro Services (India) Private Limited Unit : Bajaj Hindusthan Limited 912 Raheja Centre Free Press Journal Road Nariman Point, Mumbai 400 021 Tel. No.: (022) 2282 5163 Fax No.: (022) 2282 5484 Email: sharepro@shareproservices.com

Declaration

I, Shishir Bajaj, Chairman and Managing Director of **Bajaj Hindusthan Limited,** hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that :

- The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company;
- The code of conduct has been posted on the website of the Company;
- The code of conduct has been complied with.

For Bajaj Hindusthan Limited

Shishir Bajaj
Chairman & Managing Director

Mumbai,
December 20, 2010

Certificate

To the Members of

BAJAJ HINDUSTHAN LIMITED

We have examined the compliance of the conditions of Corporate Governance by **BAJAJ HINDUSTHAN LIMITED** for the year ended 30th September, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the 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 the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No. 101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai,
December 20, 2010

Management Discussion and Analysis

I. Global Scenario

Sugar is a widely traded commodity. On an average, about 70% of world sugar production is consumed in the country of origin, and the balance 30% is traded in the international market. A part of the international sugar trade occurs under specific agreements (Preferential trade, long term agreements, etc.) that, in some cases include clauses on import prices.

As mentioned, around 30% of world sugar production is traded in the world market. The Sugar prices in the international markets are of vital importance. The demand-supply position is the main factor explaining changes in international prices. It is difficult to measure consumption; therefore, it is often estimated as the disappearance of stocks. The best indicator for explaining changes in sugar prices is the stocks-to-use ratio which encompasses the growth in consumption. There is generally an inverse relation between changes in the stocks-to-use ratio and prices.

During the year 2009-10, weather played havoc with crops across the globe which resulted in significantly lower output in number of countries with Brazil, China, Thailand and Mexico being the most notable ones. The world production was 153.5 million tonnes as against 143.5 million tonnes last year showing 7% growth year on year. The consumption was at 155.1 million tonnes, thereby reducing the global stocks by 1.6 million tonnes and shown growth of 1.3% in consumption and export. Stock availability as a percentage of consumption (stocks-to-use ratio) is down by 1% at 13% from 14% of last year which is at lowest level in last 20 years. For the season 2010-11, surge in domestic prices led to more plantations in large-scale producers such as Brazil, India, China, Australia, Thailand, Pakistan and Indonesia, with estimates of 165.0 million tonnes of sugar production the market can be expected to swing back into surplus in 2010-11. Being global demand is expected to rise in 2010-11, the surplus will not be burdensome and at the same time is even welcome as stocks need to be replenished to be at reasonable level.

The table below summarises the country-wise production of sugar:

Table 1: World Sugar Production **(MMT, Raw Value)**

Country / Region	2009-10E	2008-09	2007-08	2006-07	2005-06
Brazil	36	32	32	31	27
India	19	15	26	28	21
EU	17	14	16	18	21
China	12	13	16	13	9
USA	7	7	7	8	7
Thailand	7	7	8	7	5
Mexico	5	5	6	6	6
Sub-Total Top 7	**103**	**93**	**110**	**111**	**96**
% of Total World	67%	65%	68%	68%	66%
Others	51	51	53	53	49
World Total	**154**	**144**	**163**	**164**	**145**

Source: USDA and CRISIL Research

The following table illustrates the World Sugar Balance :

Table 2 : World Sugar Balance **(MMT, Raw Value)**

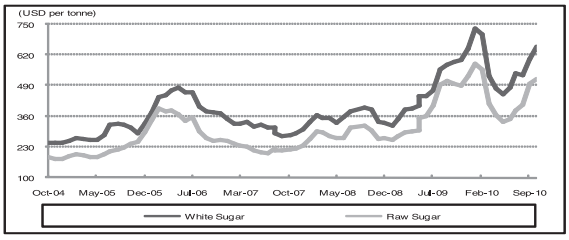
Sugar	2009-10E	2008-09	2007-08	2006-07	2005-06
Opening Stock	27.8	39.9	35.1	30.8	33.9
Production	153.5	143.5	163.1	164.2	144.6
Imports	51.3	48.2	45.4	43.5	44.8
Consumption	155.1	155.1	152.6	152.7	142.6
Exports	51.4	48.7	51.0	50.6	49.9
Closing Stock	26.2	27.8	39.9	35.1	30.8
Stocks as % of Consumption	13%	14%	20%	17%	16%
Stocks as No. of Months	**1.5**	**1.6**	**2.4**	**2.1**	**1.8**
+ / - Production (%)	6.8%	-8.1%	0.4%	9.6%	1.8%
+ / - Consumption (%)	1.3%	0.1%	0.2%	5.6%	1.2%

Source: USDA & CRISIL Research, Company Estimates for 2009-10.

Global Sugar Price Trends

Year 2009-10 was a year of wide variations wherein raw sugar prices hit 29 year high in New York in February 2010, from there had a sharp decline of about 40% till May 2010. And again rose by 45% during the period June to October 2010. This rise was due to adverse weather conditions forcing a revision in production estimates in key exporters such as Brazil, Australia & Thailand. With floods affecting production in China & Pakistan and drought affecting Russian sugar supply, these countries are expected to dig deeper into the global trade for additional imports.

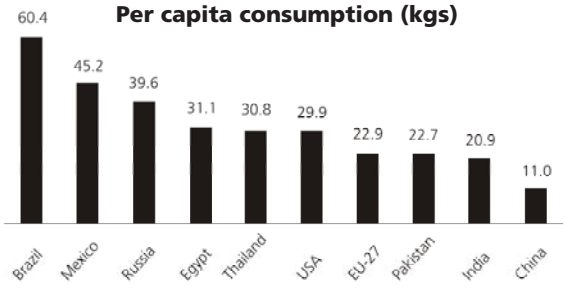
The movement of prices was as follows :



Source: LIFFE and ICE

Sugar Consumption

Consumption, being the driver of world sugar economy, shows a slight improvement in per capita consumption of Brazil and Asian countries.



Source: United Nations & CRISIL Research

II. Indian Scenario

India is one of the largest producer and consumer of sugar in the world. The Indian sugar industry has a turnover of around Rs. 70,000 Crore and is the second largest agro-based industry, next to textile industry. Indian sugar industry is highly fragmented with mills of average capacity of 3,600 TCD, where in internationally the minimum economic size is around 7,500 TCD. Out of various models of business in this industry, Sugar - Molasses - Power and Sugar - Ethanol - Power are more prevalent.

The sugar production in Sugar Season 2009-10 outstripped the expectation owing to higher than anticipated production in UP and Maharashtra. Towards end of the year 2008-09, there was about 1.4 months stock available in pipeline but during 2009-10, once the prices started falling and also stock limits controlled by Government, the trade resorted to hand to mouth buying leaving hardly any stock in pipeline. The actual release was of 20.8 million tonnes but the consumption was around 22.5 million tonnes. India imported roughly more than 4 million tonnes in Sugar Season 2009-10 to meet the demand.

In year 2009-10, cane acreage reduced by 2.1 lac hectares due to increase in minimum support prices (MSP) of alternative crops especially wheat and rice. As a result, India witnessed lowest sugarcane produce of last five years at 278 million tonnes. However, better yield at 66 tonnes per hectare was a support to some extent.

Table 3 gives trends of Domestic Demand and Supply of Sugar.

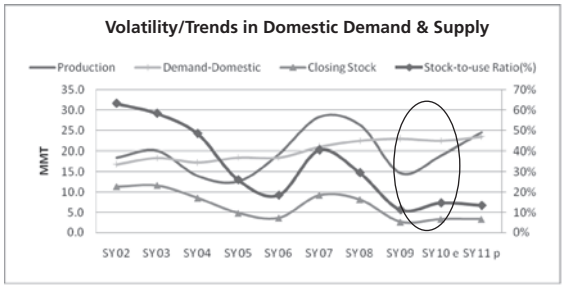
Table 3 : Trends in Domestic Demand and Supply of Sugar

(Million Tonnes)	SY 02	SY 03	SY 04	SY 05	SY 06	SY 07	SY 08	SY 09	SY 10E	SY 11E
Opening Stock (A)	10.7	11.3	11.6	8.5	4.0 *	3.6	9.2	8.1	2.6	3.3
Production (B)	18.5	20.1	14.0	12.7	19.3	28.3	26.3	14.5	19.0	24.5
Availability (C)=(A+B)	29.2	31.5	25.6	21.2	23.3	32.0	35.6	22.6	21.6	27.8
Total Demand (D)	17.9	19.9	17.5	18.5	19.6	22.7	27.5	23	22.5	24.5
- Of which Domestic	16.8	18.4	17.3	18.5	18.5	21.0	22.5	23	22.5	23.5
- Of which Export	1.1	1.5	0.2	0.0	1.1	1.7	5.0	0.0	0.0	1.0
Imports (E)	0.0	0.0	0.4	2.1	0.0	0.0	0.0	3.0	4.2	0.0
Closing stock (F)=(C-D+E)	11.3	11.6	8.5	4.8	3.6	9.2	8.1	2.6	3.3	3.3
Closing stock (Months of demand)	7.6	7.0	5.8	3.1	2.2	4.9	3.5	1.4	1.8	1.6
Stocks-to-use Ratio (%)	63.3	58.4	48.5	26.1	18.5	40.6	29.5	11.3	14.7	13.5

Source: ISMA, NCSF & CRISIL Sept10 report, Company estimates for 2010 and 2011

** Adjustment made as per Central Excise Certificate*

The volatile trends of production and resulted Stocks-to-use Ratio are separately shown in below chart capturing the ups and downs making difficult for sugar mills to maintain margins.



e - estimate, p – projection

Industry Drivers :

The Performance of the Industry mainly depends on :

1. **External factors**
   a. Availability of sugarcane
   b. Sugarcane prices
   c. Government policy
   d. Sugar prices
2. **Internal factors**
   a. Plant size and location
   b. Plant efficiency
   c. Value addition from by-products
   d. Financial Management.

External Factors

a. Availability of Sugarcane

The following table gives the annual area under cultivation and sugarcane production :

Table 4 : Area Under Sugarcane cultivation, Sugarcane Production and yield per hectare

Year	Area under sugarcane cultivation ('000 hectares)	Sugarcane production ('000 tonnes)	Yield per hectare (tonnes)	Factories in operation (nos.)
1940-41	1,617	51,978	32.1	148
1950-51	1,707	54,823	32.1	139
1960-61	2,415	110,001	45.5	174
1970-71	2,615	126,368	48.3	215
1980-81	2,667	154,248	57.8	315
1981-82	3,193	186,358	58.4	320
1982-83	3,358	189,505	56.4	321
1983-84	3,110	174,076	56.0	326
1984-85	2,953	170,319	57.7	339
1985-86	2,850	170,648	59.9	342
1986-87	3,079	186,090	60.4	354
1987-88	3,279	196,737	60.0	357
1988-89	3,329	203,037	61.0	365
1989-90	3,439	225,569	65.6	377
1990-91	3,686	241,045	65.4	385
1991-92	3,844	253,995	66.1	392
1992-93	3,572	228,033	63.8	393
1993-94	3,422	229,659	67.1	394
1994-95	3,867	275,540	71.3	408
1995-96	4,147	281,100	67.8	416
1996-97	4,174	277,560	66.5	412
1997-98	3,930	279,541	71.1	400
1998-99	4,055	288,722	71.2	427
1999-00	4,220	299,324	70.9	423
2000-01	4,316	295,956	68.6	436
2001-02	4,411	297,208	67.4	434
2002-03	4,520	287,383	63.6	453
2003-04	3,938	233,862	59.4	422
2004-05	3,662	237,088	64.8	400
2005-06	4,201	281,172	66.9	455
2006-07	5,151	355,520	69.0	504
2007-08	5,055	348,188	68.9	516
2008-09	**4,415**	**285,029**	**64.6**	**488**
2009-10*	**4,202**	**277,750**	**66.1**	**NA**

Source: ISMA

** Provisional data*

Area under sugarcane has consecutively declined by 5% in Sugar Season 2009-10 and 15% in Sugar Season 2008-09. This decline was mainly due to crop switching by farmers on account of higher Minimum Support Price received by them for alternate crops. Yield per hectare has improved marginally from 64 tonnes per hectare to 66 tonnes per hectare. Table 5 gives the annual state-wise area under cultivation.

Table 5 : Sugarcane – State-wise Area under cultivation ('000 hectares)

('000 hectares)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	217	218	233	209	210	230	264	247	196	158
Assam	27	27	26	25	24	23	27	26	28	28
Bihar	94	113	107	104	104	101	130	109	112	119
Chattisgarh	3	4	4	5	6	6	7	11	10	12
Gujarat	178	176	203	176	197	197	214	211	221	192
Haryana	143	161	189	160	130	127	140	140	90	74
Jharkhand	4	4	4	4	4	4	4	6	5	7
Karnataka	417	407	383	243	178	219	326	306	281	326
Kerala	3	3	4	3	3	7	5	2	2	2
Madhya Pradesh	75	42	39	43	52	56	64	75	71	60
Maharashtra	595	578	573	443	324	501	1,049	1,093	768	736
Orissa	17	11	14	15	15	16	20	20	11	8
Punjab	121	142	154	123	86	84	99	110	81	60
Rajasthan	14	9	10	6	6	8	11	10	7	6
Tamil Nadu	315	321	261	192	232	336	391	354	309	314
Uttar Pradesh	1,938	2,035	2,149	2,030	1,955	2,156	2,247	2,179	2,084	1,977
Uttaranchal	122	126	134	128	107	101	121	124	107	96
West Bengal	22	23	20	17	16	15	17	17	18	14
Others	11	11	13	12	13	14	15	15	14	13
All India	**4,316**	**4,411**	**4,520**	**3,938**	**3,662**	**4,201**	**5,151**	**5,055**	**4,415**	**4,202**

Source: CC Lucknow. ISMA, Company research

Area under sugarcane in Uttar Pradesh also has declined by 4% in Sugar Season 2009-10 and 3% in Sugar Season 2008-09. This decline was mainly due to crop switching by farmers on account of higher Minimum Support Price received by them for alternate crops.

b. Sugarcane prices

Sugarcane is the main raw material in the production of sugar and accounts for around 65-70% of the cost of production. Financial performance therefore has a high co-relation to cane prices. Any increase in the sugarcane price adversely impacts profitability. Minimum price of sugarcane are regulated by the Government and upper side by market demand-supply. The Central Government decides the minimum price called the Fair and Remunerative Price (FRP), which is the basis for minimum price to be paid by the sugar mills to purchase cane from farmers across the country. The FRP was based on the recommendations of the Commission for Agricultural Costs and Prices. FRP was fixed at Rs. 129.84 per qtl. for sugar season 2009 -10 and is linked to a base sugar recovery of 9.50% subject to premium of Rs.1.37 per qtl. for every 0.1% increase in recovery.

Last year, Hon'ble Supreme Court empowered State Governments to fix sugarcane price for the respective State. This price is termed as State Advised Price (SAP).

The Government of UP has announced SAP for the season 2006-07 which was being challenged in court of law and got revised in sugar season 2007-08 from Rs. 125 per qtl. to Rs. 110 per qtl.

In sugar season 2008-09 & 2009-10, SAP of Rs. 140 and 165 was fixed, which has also been challenged in the court of law.

The FRP announced for the sugar season 2010-11 is Rs. 139.12 per quintal linked to recovery of 9.5% subject to premium of Rs 1.46 per quintal for every 0.1 % increase in recovery. SAP fixed by UP State Government is Rs. 205 per qtl. for the same period.

c. Government Policy

Sugar being an essential commodity and having weightage (1.74%) in the WPI 2004-05 base, is highly regulated industry wherein 9 different legislations controlling cane pricing, external trade and control on sugar, molasses that can be sold in the open market.

Domestic sugar sales are regulated by the Central Government which decides how much a mill can sell in the open market i.e. free sale quota and how much is to be released by the mills for distribution through the public distribution system that is levy quota which is presently at 10%. This levy quota was 20% till season 2009-10. For Season 2010-11 it is again revised as 10% Levy & 90% Free. In view of SMP being replaced by FRP, the levy price will also undergo a revision and now levy sugar price may be calculated by taking FRP as a base instead of SMP. Levy sugar prices are usually lower than market prices. Sugar sales are subject to release orders from time to time.

In anticipation of shortage of sugar perceived by the country, the government has come out with slew of measures to contain the sugar prices from rising. These measures are allowing duty free import of raw sugar

without export obligation, allowing duty free import of white sugar, imposing stock limits on dealers, wholesalers as well as industrial users of sugar etc.

Few of such measures taken during the season 2009-10 are briefed below:

Cane and Sugar Policy

The Central Government has announced several policy measures during the year under review as well as for the future. The salient features of the sugar policy measures are:-

- October 2009: Levy sugar quota increased from 10% to 20% for the sugar year 2009-10.
- November 2009: The Government of Uttar Pradesh banned import of raw sugar into the State as well as its movement. Relaxed in April 2010.
- January 2010: Extension of export obligation period for advance authorisations issued for import of raw sugar to March 31, 2011.
- February 2010: Set a weekly sub-quota within the free sale quota allocated to mills for selling in the open market this month. Reduced the stock-holding limit on bulk consumers from 15 days to 10 days.
- March 2010: Extended the validity period for sale and delivery/ dispatch of non-levy sugar on weekly basis each by one week.
- April 2010: Increased the fair and remunerative price (FRP) of sugarcane to Rs.139.12 per quintal for the year 2010-11, from Rs.129.84 per quintal in 2009-10. Relaxed the norms of liquidating monthly free sale quota on weekly basis reverting to the fortnight quota.
- May 2010: Stock-holding limit on bulk consumers increased from 10 to 15 days.
- June 2010: Levy sugar price was increased nearly by Rs. 4 for the 2009-10 season.
- August 2010: Stock-holding limits on bulk sugar consumers relaxed for 90 days of their usage from the 15 days limit announced in May 2010 and 10 days in February 2010. Permitted export of about 0.2 MMT of raw sugar that was imported by millers.
- September 2010: Allowed mills to meet their re-export obligations under ALS till March 2011.
- October 2010: Levy sugar obligation brought down from 20 to 10% effective from October 1, 2010. UP state has announced SAP of Rs. 205 per quintal for the season 2010-11.

Ethanol Policy

The Government of India has reiterated its stand to implement mandatory 5% ethanol blending with petrol. This is expected to result in better utilisation of the Alcohol business segment of the Company. The Cabinet approved an interim price of Rs. 27 per litre of ethanol to be procured by the Oil marketing companies from sugar mills for blending at 5% with petrol. This would be in place until a final dynamic price, taking into account the prevailing oil and molasses prices is announced by an expert committee. However, there is no clarity when the ethanol blending programme will commence.

d. Sugar Prices

In SS 2009-10, the average sugar prices were at decadal highs for most part of the season mainly on account of higher cost of sugar cane and huge imports to meet the demand.

Initial estimate of sugar production during the crushing season 2009-10 was around 14.7 million tonnes against annual consumption of around 22 million tonnes and due to this, the prices of sugar in the first half of the year upto February, 2010 remained high. Average monthly sugar prices were in the range of Rs 2950 to Rs 3800 per qtl. during this period. However, because of prices going high, with a view to check the inflation, the Central Government imposed several restrictions such as fixing weekly restrictions on quantities to be sold and despatched, fixing stock limits not only for the Trade but also for bulk consumers etc. At the same time, the production estimates also got revised and the actual production was 18.7 million tonnes. Due to all these reasons, the prices started crashing and went down from Rs. 32 per kg in March, 2010 to Rs. 26 per kg in September, 2010.

In the crushing season 2010-11, presently the production is being estimated as 24.5 million tonnes and Government is also likely to allow export of sugar from the country. Due to this, the sentiment is positive and prices have already gone up from Rs. 26 per kg in September 2010 to Rs. 28 per kg in November, 2010. In coming months also, the prices are expected to remain firm subject to actual production figures mainly in UP and Maharashtra and the Government policies.

Internal Factors

a. Plant Size and Location

As with any other industry, size is of vital importance in the sugar industry. Large size will enable mills to take advantage of economies of scale and reduce cost of production.

Sugar plants need to be located in an area where adequate sugarcane is available. It is also vital that the mill is able to attract a high percentage of cane for crushing out of the total cane grown in the area.

Sugarcane is bulky and also needs to be crushed as soon as it is harvested. Hence it is important that the plants are located close to cane farms.

b. Plant Efficiency

Sugar recovery is one of the major factors affecting financial performance. Even a small increase in recovery level could have a significant impact on the profitability of a company. Sugar recovery inter-alia depends on internal plant efficiencies, time taken by the mill to crush cane from the time it is harvested, processing losses etc. Factors like development of infrastructure around the plant, maintenance of plant and machinery also helps in obtaining higher recoveries.

c. By-products

Optimal utilisation of by-products is another key variable in company performance. Integrated sugar mills which produce Bagasse, Alcohol and Power are more likely to perform better than those which only produce sugar and sell Bagasse and Molasses. By opting for an integrated model, mills earn a higher margin due to higher value addition and partially mitigate risk arising out of a down turn in sugar business.

d. Financial Management

Sugar industry is highly working capital intensive. Sugar operations are seasonal in nature. Crushing operations last for an average of around 125 days, whereas sale of sugar is throughout the year. However, crushing duration varies across the country depending on cane availability etc. In UP for instance crushing is done around 150 – 160 days in a year from October till April. Working capital is therefore required during the crushing season and gets liquidated out of sales proceeds. Efficient working capital management lowers interest cost and improves profitability.

III. Bajaj Hindusthan's (BHL) Position

Capacities and Locations

BHL has 10 sugar plants having an aggregate crushing capacity of 96,000 TCD. Apart from this, BHL has 5 distilleries with aggregate capacity of 640 KL/day and also generates about 90 MW of surplus power.

Erstwhile Bajaj Hindusthan Sugar and Industries Limited (BHSIL) had 4 sugar plants having an aggregate crushing capacity of 40,000 TCD, a 160 KL/day distillery and a surplus co-gen power of 15 MW.

Post Amalgamation of BHSIL into BHL, BHL has 14 sugar plants having an aggregate crushing capacity of 1,36,000 TCD, 6 distilleries with aggregate capacity of 800 KL/day and about 105 MW of surplus power generation.

The following table details individual plant capacities:

Table 6 : BHL plant capacities:

Sr. No	Unit	District	Sugar TCD	Distillery KL	Power MW
1.	Golagokarannath	Lakhimpur	13,000	100	30
2.	Palia Kalan	Lakhimpur	11,000	60	40
3.	Khambarkhera	Lakhimpur	10,000	160	35
4.	Barkhera	Pilibhit	7,000	-	35
5.	Maqsoodapur	Shahjahanpur	7,000	-	30
6.	Kinauni	Meerut	12,000	160	35
7.	Bilai	Bijnore	9,000	-	35
8.	Thanabhawan	Muzaffarnagar	9,000	-	35
9.	Budhana	Muzaffarnagar	9,000	-	40
10.	Gangnauli	Saharanpur	9,000	160	25
11.	Pratappur	Deoria	6,000	-	8
12.	Kundarkhi	Gonda	15,000	-	43
13.	Utraula	Balrampur	12,000	-	21
14.	Rudauli	Basti	7,000	160	16
	Total Capacity		**136,000**	**800**	**428**

Ethanol Opportunity

In order to exploit the opportunity thrown open by Government of India decision to allow blending of Ethanol with petrol at 5% level, we increased our Ethanol production capacity from 60 KL/day to 380 KL/day and 160 KL/day in erstwhile Bajaj Hindusthan Sugar and Industries Limited.

The Company has been one of the largest supplier of Ethanol in country for blending purpose and had supplied a quantity of 151.9 million litres during last three years tender (2006-2009) to Public sector oil companies which is 26% of the total supply of 585 million litres during the period.

During the year 2010, BHL and group companies have quoted a quantity of 100 million Litres almost 10% of total requirement of 1050 million litres of Oil companies during September 2010 – September 2011.

Government of India has fixed interim basic price of Rs. 27 per Litre as against last price of Rs.21.50 per Litre. The Company certainly sees big potential in Ethanol blending program due to benefits attached to it like boost to farming / rural community, value addition to by-product of Sugar Industry Molasses, curb on pollution, less dependence on fossil fuels, cut of import bill, etc. As per the Bio-Fuel policy, Government has plans to increase the blending percentage from current level of 5% to 20% by the year 2017.

Other than Ethanol for blending purpose, we have equally good presence in market for sale of Alcohol for Industrial and Potable use. We maintain product-mix of alcohol (means sale of Alcohol for potable, Industrial, blending) such that we get the optimum realisation on our product.

Power

The Company is operating co-generation facilities at all of its fourteen sugar units with a total installed capacity of approximately 428 MW of power. Most of the power generated is used for captive consumption. Out of the surplus co-generation capacity of around 105 MW, the surplus power is exported to the Uttar Pradesh State grid.

Power Capacity Expansion

Considering the Company's experience in power generation and tremendous scope for growth of power and energy business, the Company has considered diversifying into power sector by setting up coal fired thermal power plants in the state of Uttar Pradesh. To begin with the Company plans to set up around 4,500 MW of Power Generating Capacity.

In the first phase, the Company had commenced project for an aggregate power generating capacity of 400 MW comprising of 80 MW thermal power plants at five locations on the unused land available in the vicinity of the sugar mills of the Company at Khamberkhera, Barkhera, Maqsoodapur, Kundarkhi and Utraula all located in the State of Uttar Pradesh. Subsequently the capacity of these thermal power plants were upwardly revised to 450 MW (90 MW x 5). The project cost was estimated at around Rs. 2,320 Crore to be funded by way of debt to equity mix of 3:1.

The requisite Power Purchase Agreement for these five coal based thermal power plants have been entered into with the Government of Uttar Pradesh. The project is being developed through a SPV- Bajaj Energy Private Limited, a subsidiary of the Company.

The financial closure of Rs. 1,740 Crore for the debt portion for this project has been achieved. The Company and an entity belonging to its promoter group have jointly subscribed towards the equity component of project funding. The commercial operation of power plants at these five locations is expected to commence as per the schedule within next eight to ten months.

The Company was further been awarded two Ultra Mega Power Projects (UMPPs) of (3X660MW) 1,980 MW to be set up in district Lalitpur and Chitrakoot respectively in the state of Uttar Pradesh. These projects are also proposed to be implemented through SPVs, viz. Lalitpur Power Generation Company Limited and Bajaj Power Generation Private Limited. The approximate cost of both these projects are estimated at around Rs. 12,000 Crore each. The Company had entered into the Memorandum of Understanding with Government of Uttar Pradesh for both the UMPPs. The Company had entered into separate MOUs in these regard with government of U.P. and long-term PPAs for supply of power to the Uttar Pradesh State grid will be finalised shortly.

The process of land acquisition for these projects has been initiated. Necessary application for coal linkage and processes of obtaining clearance for use of underground water, environmental and other clearance from relevant authorities, award of EPC contract, Plant Ordering, etc. are in progress at various stages. The commercial operation of the power plant at Lalitpur is expected to commence around 4 to 5 years.

Particle Board (PB) and Medium Density Fibre Board (MDF) Project

Bajaj Eco-Tec Products Limited (BEPL) has successfully set up three plants for manufacturing Particle Boards (PB) and Medium Density Fibre Boards (MDF), from sugarcane bagasse.

BEPL is one of the only two companies in the world, to manufacture MDF from sugarcane bagasse. The two Medium Density Fibre Board plants are situated at Palia Kalan, District Lakhimpur Kheri, U.P. and at Kundarkhi, District Gonda, U.P., each having a capacity to manufacture 80,000 m^3 boards per annum. The Particle Board plant is situated at Kinauni, District Meerut, U.P., and has a capacity to manufacture 50,000 m^3 boards per annum. The combined capacity of all three plants, at 210,000 m^3 boards per annum, is the largest in the country, and has been set up at a total cost of around Rs.300 Crore. BEPL has installed the

latest, state-of-the-art Plant & Machinery, at all three locations, which have been imported brand new, from Europe and China.

BEPL commenced Commercial Operations in the year 2008-09 and launched its "ZERO WOOD, ECO-FRIENDLY PARTICLE BOARDS AND MEDIUM DENSITY FIBRE BOARDS" in the Indian Market, under the brand "Bajaj Boards".

During the financial year 2009-10, BEPL has been able to overcome quality related issues, especially in MDF and now all its products have been registered/ approved by BIS, DGS&D, CPWD, IGBC and various other government and semi government agencies. Further, being manufactured from sugarcane bagasse, an agricultural residue, the Bureau of Indian Standards has also accorded "ECO-MARK" to BEPL's products. BEPL has also earned prestigious membership of Indian Green Building Council (IGBC), an organisation committed to promote and develop green building concepts, in India. BEPL's products enjoy zero excise duty and concessional VAT in number of states.

BEPL's products are now widely used by large furniture manufacturers, architects, interior designers, and carpenters / contractors. BEPL has also been able to establish a strong country-wide network of distributors and dealers, and today, BEPL's products are available at more than 3,000 outlets across the length and breadth of the country, making it "the largest Manufacturer & Seller of Particle Boards & MDF in India".

Operating Margins of BEPL during the financial year 2009-10 remained under tremendous stress, due to unprecedented rise in the price of its major raw material – sugarcane bagasse, coupled with substantial increase in the costs of chemicals and other inputs. On the other hand, BEPL was not able to increase the prices of its finished products, due to stiff competition from cheaper imports, consequent upon global meltdown.

With the improvement in the overall sentiment over last few months, the demand and consequently prices of BEPL's products have already started moving upwards. The order book of BEPL is also quite healthy. Further, with the increase in sugarcane cultivation, the availability of sugarcane and consequently availability of bagasse, is expected to improve this year, as a result of which the bagasse prices are expected to ease a bit. Besides that, BEPL has also been successful in sourcing chemicals and other inputs at relatively much lower prices, which will significantly reduce the overall production costs. All these together, will have a positive impact on the profitability and operations during coming years.

Outlook

The Indian economy has shown its strength and remained aloof of global recession. The growth figures are improving in current year and are expected to continue. The sugar prices have started showing signs of stabilisation with improved inventory levels & on expectation of opening of exports and, with the support of State & Central Government initiatives; the sugar sector is turning around after a very difficult year of low margins.

Risks and Concerns

Sugar industry is cyclical in nature & primarily faces the following risks:

1. Uncontrollable

A. Raw material risk
B. Sugar price risk
C. Regulatory risk

A. Raw Material Risk

Sugarcane is the principal raw material used for the production of sugar. Business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect operations. A variety of factors beyond our control may contribute to a shortage of sugarcane in any given harvest period. Some of the main factors that could contribute to a shortage of sugarcane are set forth below : -

i. Diversion from cane production to other cash crops.
ii. Adverse weather conditions, crop disease.
iii. Drop in Drawal rate.
iv. Un-remunerative cane procurement price declared by the State Government and/or Central Government.

The Company has sought to mitigate raw material availability risk by diversifying into multiple locations within Uttar Pradesh and, at the same time, has an impeccable record of cordial relationship with farmers.

B. Sugar Price Risk

The market price for sugar is function of demand and supply. Fluctuations in demand and supply occur for various reasons, including :

i. changes in the availability and price of sugarcane;
ii. variances in the production capacities of our competitors;
iii. the availability of substitutes for the sugar products; and
iv. International demand and supply.

The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond control. In addition, approximately 15% to 30% of total worldwide sugar production is traded on exchanges and is thus subject to speculation, which could affect the price of sugar worldwide and our results of operations. As a result, any prolonged decrease in sugar prices could have a material adverse effect on our Company.

The Group has addressed this issue to an extent with its expansion plans whereby, BHL has become the largest sugar producer in India with an overall share of more than 20% of the Uttar Pradesh production. This would enable better pricing power while reducing costs.

C. Regulatory Risk

i. Environmental risks

The Industry & Company is subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

ii. Government policy-related risks

The Industry is regulated and the Company operates in a regulated environment. Central and State Government policies and regulations affect the agricultural sector and related industries and affect our operations and our profitability. Ethanol business is highly dependent on Government policy. Sugarcane price is controlled by the State Government and is generally increased every year. This is a systemic risk, which cannot be alleviated unless the industry is completely decontrolled.

2. Controllable Risks

1. Productivity
2. Drawal rate
3. Management Bandwidth

Selection of appropriate machinery and maintenance of the same is critical for continuous operations during the crushing season. The Company has consistently operated at an optimum capacity of around 90% to 95% in most of the years.

With its leadership position in the industry and professional work practices, the Company is able to hire and retain appropriate talent.

De-Risking Strategy

As part of our business strategy, we are rapidly de-risking our business with new investment in power generation capacity. This business is non cyclical and therefore expected to generate steady cash flows year on year.

Internal control systems and their adequacy

The Company has in place, an adequate system of internal control to reasonably safeguard its assets against loss through unauthorised use and pilferage. A comprehensive system of internal controls employed by the Company ensures optimal use of the resources available at its disposal. Internal audits and checks are an ongoing process within the Company.

The internal audit department has looked into various functional areas of the Company with the following primary objectives :

- To ensure strong internal control system to minimise the risk of frauds, errors & omissions and safeguarding of assets.
- To ensure compliance of corporate policies and procedures in line with Delegation & HR manuals.
- To critically analyse various systems and suggest remedial measures for the weaknesses persisting in the system.
- To ensure proper compliance of Standard Operating Procedures (SOPs) to achieve overall uniformity in operations and reporting across all the units.
- To ensure cost consciousness, compliance of accounting and taxation principles through Pre & Post Audits.
- To submit reports for the deviations in policies, procedures and principles along with recommendations and to ensure their timely implementation.

The internal audit department submits its reports to the management, outlining its findings, along with analytical reviews of the functional areas looked into, and providing practical solutions for the problems observed. An illustrative list of scope of activities of areas of Internal Audit is broadly summarised as under :

- Checking of Accounts vouchers on test check basis.
- Physical verification of Stores Inventory and analysis of Surplus, Discarded and Non moving Items.
- Checking of Stores Ledger with respect to timely accounting of Receipts and Issues of Material.
- Reporting on overdue debtors on A/c of Sales of Sugar, Molasses, Press Mud & Organic Manure etc.
- Reconciliation of Empty Sugar Bags.
- Review of Statutory dues and timely filing of Returns.

- Checking of Tools & Tackles issued to Employees & Contractors.
- Checking of Excise and Service Tax Reconciliations for timely availing input credit in eligible cases.
- Pre Audit of Purchase and Work orders issued from units & Post Audit at Corporate office Noida.
- Verification of system of recording all incoming materials including freight incurred thereon.
- Review and reporting on material sent to outside parties for repair/ Jobwork.
- Review of Inter unit and Inter Company Material in Transit cases.
- Surprise checking of despatch of Sugar, Molasses, Bagasse and Press Mud on Sample basis.
- Surprise check of Cane Centers, records maintained thereat and review of Cane control, checks & MIS reports.
- Checking of Safety measures and civic conditions of Sugar Godowns at Units.
- Checking and reporting on Employee's Imprest debit balances.
- Checking and reporting on Excess Interest charged by Bank on OD/ CC Accounts.
- Other Assignments as attributed from time to time with specific instructions from management.

Human Resources/ Industrial Relations

The industrial relations at the Company's Sugar Mills and Head Office were cordial throughout the year under review. The Company is committed to create an organisation that nurtures the talents and enterprise of its people, helping them grow and find fulfillment in an open culture. Its growth strategies are based on a strong Human Resource (HR) foundation created through a judicious use of innovative and complementary HR processes and systems.

The various HR initiatives introduced by the Company during the year are listed below :

- Training on Safety, Housekeeping, Fire Fighting, Communication skills, team building, 5S etc. by internal and external faculties.
- Interactive induction programs supplemented by power point presentation about the company programs are regularly conducted at unit level and Offices by HR department for all the new employees.
- Quality Circle are Organised at Zones. Our team participated in National Convention of Q.C. organized by QCFI (Quality Circle Forum of India) held on 21st December 2009 & won excellent award.
- HIV / AIDS Education & Prevention Programme in collaboration with International Labour Organisation was conducted to enhance the knowledge of participants about the global and national scenario of HIV / AIDS and the National AIDS control Programme. The Company identified 5 Master Trainers from unit who trained 28 Peer educators, for spreading awareness among staff and local villagers.
- A 3 day Yoga Programme was conducted under the guidance of Swami Om ji from Patanjali Yogpeeth Trust, Haridwar. Large number of Officers and Workers and their family members participated.
- Various CSR Activities:
  - Food packet distribution in flood affected villages.
  - Two medical camps organised in villages.
  - Fogging at villages after flood.
  - Alao (Fire) at every chouraha by distributing bagasse in winter.

The Employees celebrated religious, cultural, national integration programmes like Annual function of Laxmi Narain Temple, Janmashtami, Republic Day, Independence Day along with various sports meets.

The Company continued its programme of providing training to its workers with a view to improve efficiency, quality of products and avoid breakdowns. Further, behavioural / attitudinal training programmes for Executives and Managers, technical training programme for Engineers and Executives, Computer and IT related training programme, HR related training and workshop and training for Cane growers, etc. were conducted.

IV. Financial Analysis of Operations of the Company

A Scheme of Amalgamation of Bajaj Hindusthan Sugar and Industries Limited (hereinafter referred to as 'Amalgamated Company') with the company under Sections 391 to 394 of the Companies Act, 1956 was sanctioned by Hon'ble High Court having Judicature at Bombay vide Order dated November 26, 2010.

Current year figures includes the stand-alone figures of Bajaj Hindusthan Limited for the period from October 01, 2009 to September 30, 2010 and the figures of Bajaj Hindusthan Sugar and Industries Limited (Amalgamated Company) for the period from April 01, 2010 to September 30, 2010. Further the assets and liabilities as on September 30, 2010 of the Company also includes assets and liabilities of the Amalgamated Company as per the Scheme of Amalgamation.

Table 7: Operational Data

	Unit	2009-10	2008-09
Cane Crushing	MMT	**8.467**	5.425
Raw Sugar Processing	MMT	**0.327**	-
Sugar recovery	%	**9.24**	9.09
Sugar Production - From Cane	M.T.	**782,118**	493,268
- From Raw Sugar	M.T.	**315,262**	-
Industrial Alcohol Production	K.L.	**94,719**	32,070
Molasses Production	M.T.	**442,433**	267,241
Power Generation	M.W.	**448,901**	276,300

During the year, the production of Sugar and Molasses has increased to 10,97,380 MT and 4,42,433 MT as compared to 4,93,268 MT and 2,67,241 MT respectively in previous year recording a growth of 122% and 65% respectively. This was mainly due to higher availability of sugarcane and processing of Imported Raw Sugar. Similarly Industrial Alcohol / Ethanol production was higher at 94,719 KL as compared to 32,070 KL in previous year recording a growth of 195%. Power generation was also higher at 4,48,901 MW as compared to 2,76,300 MW in previous year recording a growth of 62%, largely due to higher quantum of bagasse available from the crushing of sugarcane.

Looking to the reduced sugarcane crop acreage in sugar season 2009-10, the Company took necessary steps to ensure availability of cane so that mills can operate at optimum capacity. Though, cane crop acreage reduced in U.P., the quality of sugarcane improved, resulting into higher production of sugar and other related products i.e. molasses and alcohol. Recovery of sugar from sugarcane was also higher this year at 9.24% as against 9.09% in the previous year. The farmers have again shifted from other crops to sugar cane crop this year due to higher Fair and Remunerative Price (FRP), State Advisory Price (SAP) fixed by the Central Government and State Government respectively and incentive paid to cane growers by the sugar mills.

Results of Operations

Table 8 : Summarised Financial Results

Rs. Crore

Particulars	2009-10	2008-09
Revenue	**3,028.98**	1,814.89
Earnings before interest, depreciation and tax (EBIDTA)	**613.82**	595.29
Interest & Finance Charges (net)	**301.34**	187.08
Cash Profits	**312.48**	408.21
Depreciation & Amortisation	**257.44**	202.21
Profit before Tax	**55.04**	206.00
Provision for Taxation (Net)	**3.29**	49.77
Profit after Tax	**51.75**	156.23
Basic Earning per Share (Rs.)	**2.51**	10.30
Diluted Earning per share (Rs.)	**2.51**	9.39

Turnover

Increase in revenue is due to higher quantum of sugar sold, higher sales realisation of sugar and revenue of amalgamated company for the period from April 1, 2010 to September 30, 2010.

Analysis of sales

During the year the Company sold 9,26,966 MT of sugar as against 6,72,180 MT during the previous year, registering an increase of 38%. The Company also sold 54,602 MT of Molasses as against 71,120 MT in the previous year, reporting a down fall of 23% due to more molasses used for production of alcohol during the year. Alcohol/ Ethanol sales during the year were also higher at 63,123 KL as against 32,128 KL during the previous year, reporting an increase of 96%. The Company exported 1,30,635 MW of power during the year as against 73,271 MW during the previous year, reporting an increase of 78%.

Product-wise sales quantity, value and per unit realisation details are given in Table 9:

Table 9 : Sales revenue

		2009-10			2008-09		
	Unit	**Qty**	**Value Rs. Crore**	**Realisation* Rs./MT/KL/MW**	Qty	Value Rs. Crore	Realisation* Rs./MT/KL /MW
Sugar	M.T.	**926,966**	**2,731.95**	**29,472**	672,180	1,511.84	22,492
Alcohol /Ethanol	K.L.	**63,123**	**162.82**	**25,794**	32,128	85.81	26,710
Molasses	M.T.	**54,602**	**16.08**	**2,945**	71,120	30.58	4,299
Power	M.W.	**130,635**	**51.97**	**3,978**	73,271	22.62	3,087

** Includes excise duty*

Approximately 20% of total sugar sales were to certain parties against permits (Levy) issued by the Government of India. The remaining 80% being free sale sugar was sold in the domestic market through a network of agents.

Industrial Alcohol was sold in the local market directly to end users, mainly alcohol-based chemical plants. Ethanol was sold to oil companies, who use it for blending with gasoline.

Other Income

Other income for the year was Rs. 155.38 Crore against Rs. 231.15 Crore in the previous year.

The major component of other income was gain due to Foreign Exchange Fluctuation of Rs.47.73 Crore, Lease Rent at Rs.15.84 Crore, Provision no longer required/ credit balance appropriated of Rs.32.19 Crore and Profit on sale of long term investment of Rs. 16.61 Crore.The balance amount has been received against sale of scrap/store/bio manure and miscellaneous receipt etc. which also includes Rs. 23.32 Crore on account of profit on sale of raw sugar during the year.

Other expenses

During the year other expenses were Rs.246.27 Crore as against Rs.138.28 Crore in the previous year. The increase in other expenses was largely due to higher crushing of sugarcane and processing of raw sugar during the year.

Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)

The EBIDTA achieved for the year was Rs. 613.82 Crore as against Rs.595.29 Crore in the previous year. The increase in EBIDTA margins was mainly on account of higher volume of sales, higher realisation of sugar and power sale as compared to previous year.

Interest & Finance Charges

Increase in interest expense was mainly due to higher loans and additional working capital utilised for making early cane price payments to growers as compared to the previous year. This year Company also held higher stocks of sugar and alcohol due to higher production and lower demand of sugar (due to import of white sugar allowed by the Government) in market as compared to the previous year.

Depreciation & amortisation

The depreciation for the year increased from Rs.202.21 Crore to Rs.257.44 Crore mainly due to depreciation on revaluation of assets of the Company as on April 01, 2010 and depreciation on assets of amalgamated company i.e. Bajaj Hindusthan Sugar and Industries Limited w.e.f. April 01, 2010.

Provision for Tax

Provision for taxation includes current tax of Rs.16.35 Crore, deferred tax liability of Rs.3.19 Crore and wealth tax of Rs.0.10 Crore. During the year MAT credit entitlement is Rs.16.35 Crore. In the previous year provision for current tax was Rs. 33.09 Crore, deferred tax liability of Rs. 49.11 Crore and provisions for wealth tax and fringe benefit tax was Rs. 0.66 Crore and MAT credit entitlement was Rs. 33.09 Crore.

Balance Sheet

The summarised Balance Sheet as at September 30, 2010 is as under (Table 10) :

Table 10 : Summarised Balance Sheet

Rs. Crore

Financial year ended September 30,	**2010**	2009
Sources of Funds		
Shareholders' Funds		
Capital	**19.14**	17.69
Equity Share Suspense	**3.70**	-
Equity Warrants	**-**	18.90
Stock Options outstanding	**15.30**	-
Reserves and Surplus	**3,098.82**	2,257.08
Sub Total	**3,136.96**	2,293.67
Loan Funds	**5,543.13**	3,075.15
Deferred Tax Liability	**83.43**	108.04
Total	**8,763.52**	5,476.86
Application of Funds		
Fixed Assets Including CWIP	**5,571.19**	2,763.78
Investments	**1,113.39**	549.11
Current Assets, Loans & Advances	**3,987.87**	3,034.42
Less: Current Liabilities & Provisions	**1,908.93**	870.45
Net Current Assets	**2,078.94**	2,163.97
Total	**8,763.52**	5,476.86

Capital

The Company has allotted 1,45,00,000 new Equity Shares on January 4, 2010 to the promoter group of the Company in terms of warrants allotted to them on May 18, 2009 on preferential basis carrying right to subscribe for and be allotted one (1) fully paid equity share of face value Re. 1 each per warrant, at a price of Rs. 52.14 per equity share in accordance with the SEBI Preferential Issue Guidelines. Accordingly, after the allotment of these new Equity Shares, the paid up Equity Share Capital and Securities Premium Account have increased by Rs. 1.45 Crore and Rs.74.15 Crore, respectively.

Equity Share Suspense

Equity Share Suspense of Rs. 3.70 Crore represent the face value of an aggregate of 3,70,00,000 equity shares of Re. 1 each of the Company to be allotted

in accordance with the terms and conditions of the Scheme of Amalgamation of Bajaj Hindusthan Sugar and Industries Limited with Bajaj Hindusthan Limited as sanctioned by Hon'ble High Court having Judicature at Bombay vide Order dated November 26, 2010.

Reserves and Surplus

Securities premium account increased by Rs.806.63 Crore represent (i) Rs. 722.05 Crore was credited in accordance with the Scheme of Amalgamation being the aggregate of excess of the fair value of net assets of Amalgamated Company over the paid up value of Equity Shares to be issued and allotted; net effect on fair valuation of assets and liabilities of the Company identified by the Board of Directors of the Company reduced by the cost of stamp duty and other expenditure payable on amalgamation (ii) Rs.74.15 Crore Premium received on issue of equity shares to Promoters Group of the Company (iii) Rs. 10.43 Crore being change in Provision for Premium on redemption of FCCBs due to fluctuation in foreign currency rate.

Loan Funds

Loan funds increased to Rs.5,543.13 Crore as against Rs.3,075.15 Crore in the previous year mainly due to further loan taken for fulfillment of working capital requirement and loan funds of the amalgamated company.

Fixed Assets

Gross Block increased from Rs. 3,407.48 Crore to Rs. 6,509.87 Crore was mainly due to revaluation of certain assets of the Company and assets of amalgamated company w.e.f. April 01, 2010.

The increase in fixed assets (net of depreciation) by Rs.2,807.41 Crore (including Capital Work In Progress) from Rs. 2,763.78 Crore to Rs. 5,571.19 Crore was mainly due to revaluation of certain assets of the Company and assets of amalgamated company w.e.f. April 01, 2010.

Investments

During the year Company invested Rs. 137.00 Crore in Bajaj Energy Private Limited (Subsidiary), by Subscribing to 69,90,000 equity shares of Rs. 10 each at a premium of Rs. 186 per share and Rs.92.31 Crore in Bajaj Hindusthan (Singapore) Pte. Ltd. (Subsidiary) by subscribing to 2,70,00,000 equity shares of S$ 1 each.

The investment of Rs. 358.72 Crore and advance amounting to Rs 335.00 Crore aggregating to Rs. 693.72 Crore in the amalgamated company i.e. Bajaj Hindusthan Sugar and Industries Ltd. has been converted into equity shares of the Company and shown as investment in an independent Trust of which the Company is the sole beneficiary as per the Scheme of amalgamation duly approved by Hon'ble High Court of Bombay.

Inventories

The inventory of sugar at the end of the year was 4,60,097 MT equivalent to 181 days' sales as compared to 95 days' sales in the previous year. This was due to higher production, raw sugar processed into white sugar and gradual liquidation of stocks due to demand being met by import of white sugar allowed by the Government. Alcohol inventory at the end of year was 45,038 KL equivalent to 260 days' sales as compared to 41 days' sales in the previous year. In view of expected volume growth, the inventory liquidation is monitored very closely and the Company does not foresee any difficulty in selling the products manufactured by it.

Debtors

In line with the Company's focus on effective working capital management, vigorous efforts were made to recover dues from debtors. The debtors at the end of the year were equivalent to 20 days' sales as compared to 6 days' sales in the previous year.

Significant non-recurring income, expenditure and other items

Income

The profit on sale of investment of Rs. 16.61 Crore and the provisions no longer required / credit balance appropriated, Rs. 32.19 Crore, were of a non-recurring nature.

Expenditure

The loss on assets sold/discarded, Rs. 0.10 Crore is of a non-recurring nature.

Contingent Liabilities

The status of contingent liabilities as at September 30, 2010 has been reviewed by the management. Efforts are being made for speedy settlement of pending cases.

Control measures for cane procurement

Besides smooth functioning of plants, timely and regular procurement of sugarcane is the most important activity of the Company. Continuous efforts are being made to ensure systematic indenting, procurement and crushing of sugarcane. The regular supply of cane also depends upon regular flow of payment to the farmers for which the Company has a good reputation in the entire sugar industry. Though the current systems are adequate, as a matter of routine, these systems are periodically reviewed by the senior management team from time to time and corrective measures, if and when considered necessary, are taken to ensure the smooth flow of sugarcane.

Division-wise Operations

Sugar Division

Crushing details of plants during the year 2009-10 are given in Table 11.

Table 11 : Cane crushing, Sugar Recovery and Sugar Production

		2009-10			2008-09		
Plant Location	**Zone**	**Cane Crushing (Million MT)**	**Sugar Recovery (%)**	**Sugar Production (Tonnes)**	**Cane Crushing (Million MT)**	**Sugar Recovery (%)**	**Sugar Production (Tonnes)**
Gola Gokarannath	Central UP	1.184	9.68	114,583	0.857	9.53	81,637
Palia Kalan	Central UP	1.161	8.69	100,797	0.857	9.31	79,816
Kinauni	Western UP	1.224	9.00	110,100	0.788	8.72	68,645
Thanabhawan	Western UP	0.777	9.03	70,208	0.541	8.77	47,479
Budhana	Western UP	0.981	9.37	91,964	0.578	8.84	51,038
Bilai	Western UP	0.871	10.15	88,528	0.470	10.04	47,141
Gangnauli	Western UP	0.454	9.07	41,188	0.187	8.47	15,851
Khambarkhera	Central UP	0.796	9.11	72,607	0.529	9.16	48,351
Barkhera	Central UP	0.643	8.95	57,538	0.344	8.79	30,187
Maqsoodapur	Central UP	0.376	9.20	34,605	0.274	8.46	23,123
Pratappur	Eastern UP	-	-	-			
Rudauli	Eastern UP	-	-	-			
Utraula	Eastern UP	-	-	-			
Kundarkhi	Eastern UP	-	-	-			
Total		**8.467**	**9.24**	**782,118**	**5.425**	**9.09**	**493,268**

Apart from the above, during the year the Company processed the raw sugar at nine plants and produced 315,262 MT of sugar (previous year nil).

Distillery Division

The distillery division produced 94,719 kilolitres of industrial Alcohol /Ethanol against 32,070 kilolitres in the previous year registering an increase of 195%. Likewise Alcohol/Ethanol sales aggregated 63,123 kilolitres against 32,128 kilolitres in the previous year registering an increase of 96%.

In value terms, the sale of industrial alcohol/ Ethanol during the year was Rs.162.82 Crore as against Rs.85.81 Crore in the previous year registering an increase of 90%.

Increase in production and sale was due to availability of more sugarcane resulting into higher production of molasses.

Power Division

The sale of power was at Rs.51.97 Crore in the current year as against Rs.22.62 Crore recorded in the previous year registering an increase of 130% mainly due to availability of more bagasse from sugar cane crushing.

Accounting Policies

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of Bajaj Hindusthan Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/judgements used in preparation of these statements. The estimates and/or judgements have been made on a consistent, reasonable and prudent basis to reflect a true and fair picture of the financial performance of the Company.

Cautionary/Futuristic Statements

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations and futuristic in nature. Actual performance may differ materially from those either expressed or implied. Such statements represent intentions of the management and the efforts put into realise certain goals. The success in realising these depends on various factors both internal and external. Investors, therefore, are requested to make their own independent judgments before taking any investment decisions.

CEO / CFO Certification

The Board of Directors,
Bajaj Hindusthan Limited,
Mumbai.

Re: Financial Statements for the year 2009-10 – Certification by CEO and CFO

We, Shishir Bajaj, Chairman & Managing Director and Manoj Maheshwari, Chief Finance Officer of Bajaj Hindusthan Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ended September 30, 2010 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 contains 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 September 30, 2010 which are fraudulent, illegal or violative on of the Company's code of conduct.

4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.

5. We further certify that:-

   (a) there have been no significant changes in internal control during this year;

   (b) there have been no significant changes in accounting policies during this year; and

   (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.

Shishir Bajaj
Chairman & Managing Director

Manoj Maheshwari
Chief Finance Officer

Mumbai,
December 20, 2010

Auditors' Report

To
The Members of
Bajaj Hindusthan Limited

We have audited the attached Balance Sheet of BAJAJ HINDUSTHAN LIMITED as at 30th September, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 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 reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act,1956, we annex hereto a Statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 such books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable;
   (e) On the basis of the written representations received from the Directors, as on 30th September, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 30th September, 2010, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
      (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th September, 2010;
      (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
      (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

CHATURVEDI & SHAH
Firm Registration No. 101720W
Chartered Accountants

RAJESH CHATURVEDI
Partner
Membership No. 45882

Mumbai,
December 20, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE
Re : BAJAJ HINDUSTHAN LIMITED ("the Company")

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

   c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:

   a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year;

   b) As explained to us, the procedures of physical verification of the inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;

   c) According to the inventory records produced to us for our verification, we are of the opinion that the Company is maintaining proper records of its inventory. Further, discrepancies noticed on physical verification of inventories, if any, referred to above, as compared to book records, though not material, have been properly dealt with in the books of account.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

   a) The Company has given loans to three subsidiary companies. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 2,193.23 crores and the same has been squared off during the year.

   b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.

   c) The principal amounts are repayable on demand and there is no repayment schedule. The interests is payable on demand.

   d) In respect of the said loans, the same have been repaid during the year. Therefore question of repayment overdue amount does not arise.

   e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is generally adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. According to information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301. Therefore, the provisions of clause 5 (b) of the Companies (Auditor's Report) Order 2003, (as amended) is not applicable to the Company.

6. In our opinion and according to the information and explanations given to us the company has complied with the directives issued by the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.

9. In respect of statutory dues:

a) According to the records of the Company, the Company has been generally regular in depositing with statutory authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were outstanding, at the year end for a period of more than six months from the date they became payable.

b) On the basis of our examination of the documents and records of the Company and the information and explanations given to us upon our inquiries in this regard, there were no disputed amounts payable in respect of Income-tax, Sales Tax, Wealth-tax, Service tax, Customs Duty and Excise Duty/cess and not deposited with the appropriate authorities other than those stated hereunder :

Name of the Statute	Nature of Dues	Amount (Rs. in crores)	Period for which amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and State Sales Tax Act/VAT Act of various states	Sales Tax, VAT and Entry Tax	0.61	Various years from 1997-98 to 2009-10	Deputy/Joint Commissioner/Commissioner (Appeals)
		0.58	Various years from 1997-98 to 2007-08	Sales Tax Appellate Tribunal
		0.63	Various years from 1985-86 to 2006-07	High Court
Central Excise Act, 1944	Excise and Service Tax	6.45	Various years from 1999-2000 to 2009-10	Commissioner of Central Excise (Appeals)
		19.44	Various years from 1981-82 to 2008-09	Central Excise and Service Tax Appellate Tribunal
		0.10	1994	High Court
	Total	**27.81**		

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

11. Based on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003, (as amended) are not applicable to the Company.

14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.

15. The Company has given guarantee for loans taken by its two subsidiary companies from banks; the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the company.

16. Based on the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.

17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds on short- term basis have been used for long- term investment.

18. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956, except the shares issued during the year against the warrants allotted during the previous year on preferential basis to promoter group in according with the SEBI preferential issue guidelines.

19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

20. The Company has not raised any money by public issues during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No. 101720W
Chartered Accountants

RAJESH CHATURVEDI
Partner
Membership No. 45882

Mumbai,
December 20, 2010

Balance Sheet as at September 30, 2010

	Schedule	Rs. Crore	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
I. Sources of Funds:				
Shareholders' Funds				
Capital	1	**19.14**		17.69
Equity Share Suspense (Refer Note 2)		**3.70**		-
Equity Warrants		**-**		18.90
Stock Options outstanding		**15.30**		-
Reserves & Surplus	2	**3,098.82**		2,257.08
			3,136.96	2,293.67
Loan Funds				
Secured Loans	3	**4,429.77**		1,956.73
Unsecured Loans	4	**1,113.36**		1,118.42
			5,543.13	3,075.15
Deferred Tax Liability			**83.43**	108.04
Total			**8,763.52**	5,476.86
II. Application of Funds:				
Fixed Assets	5			
Gross Block		**6,509.87**		3,407.48
Less: Depreciation		**1,029.96**		774.98
Net Block		**5,479.91**		2,632.50
Capital Work in Progress		**91.28**		131.28
			5,571.19	2,763.78
Investments	6		**1,113.39**	549.11
Current Assets, Loans & Advances	7			
Inventories		**1,921.36**		800.45
Sundry Debtors		**163.10**		28.57
Cash & Bank Balances		**479.20**		112.35
Loans & Advances		**1,424.21**		2,093.05
		3,987.87		3,034.42
Less : Current Liabilities & Provisions	8			
Current Liabilities		**1,716.95**		683.03
Provisions		**191.98**		187.42
		1,908.93		870.45
Net Current Assets			**2,078.94**	2,163.97
Total			**8,763.52**	5,476.86
Significant Accounting Policies and Notes	16			

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Profit & Loss Account for the year ended September 30, 2010

	Schedule	Rs. Crore	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Income :				
Gross Sales /Income from Operations	9		**2,970.27**	1,655.75
Less: Excise Duty			**96.67**	72.01
Net Sales /Income from Operations			**2,873.60**	1,583.74
Other Income	10		**155.38**	231.15
			3,028.98	1,814.89
Expenditure :				
Raw Materials Consumed	11		**2,765.64**	816.76
Manpower Cost	12		**146.82**	120.83
Other Expenses	13		**246.27**	138.28
Interest & Finance charges (Net)	14		**301.34**	187.08
Depreciation & Amortisation			**257.44**	202.21
(Increase) / Decrease in Stocks	15		**(743.57)**	143.73
			2,973.94	1,608.89
Profit for the year before Taxation			**55.04**	206.00
Less: Provision for Taxation :				
Current Tax		**16.35**		33.09
Deferred Tax		**3.19**		49.11
Wealth Tax		**0.10**		0.10
Fringe Benefit Tax		**-**		0.56
		19.64		82.86
Less: MAT credit entitlement		**16.35**		33.09
			3.29	49.77
Profit for the year			**51.75**	156.23
Add: Balance Brought Forward		**79.00**		6.53
Excess / (Short) provision for tax		**-**		(1.62)
Dividend paid of earlier year		**(1.02)**		-
Corporate Dividend Tax on Dividend paid		**(0.17)**		-
Debenture Redemption Reserve (No longer required)		**75.00**		-
			152.81	4.91
			204.56	161.14
Transfers to :				
Reserve for Molasses Storage Tanks			**0.33**	0.16
General Reserve			**10.03**	40.00
Debenture Redemption Reserve			**-**	27.50
Proposed Dividend			**13.40**	12.38
Corporate Dividend Tax on Proposed Dividend			**2.22**	2.10
Balance carried to Balance Sheet			**178.58**	79.00
Basic Earning per Share :				
Net Profit			**51.75**	154.61
Weighted Average No. of Shares*			**206,133,823**	150,148,207
Basic Earning per Share in Rupees (Face Value Re. 1/- each)			**2.51**	10.30
Diluted Earning per Share:				
Net Profit			**51.75**	154.61
Weighted Average No. of Shares*			**206,133,823**	164,648,207
Diluted Earning per Share in Rupees (Face Value Re 1/- each)			**2.51**	9.39
* Including Equity Shares to be issued on amalgamation.				
Significant Accounting Policies and Notes	16			

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Cash Flow Statement for the year ended September 30, 2010

	2009-2010 Rs. Crore	2008-2009 Rs. Crore
A. Cash Flow from operating activities :		
Net Profit before Exceptional items and Taxation	**55.04**	206.00
Adjustment for:		
Depreciation & Amortisation	**257.44**	202.21
(Gain) / Loss due to Foreign Exchange Fluctuation	**(14.00)**	-
Provision for Foreign Exchange Gain written back	**-**	(83.65)
Loss / (Surplus) on sale of Fixed Assets (Net)	**(0.15)**	1.26
Interest and Finance Charges	**415.20**	295.06
Dividend / Income from Current Investment Received	**(3.59)**	(0.47)
Profit on sale of investment	**(16.61)**	-
Interest Received	**(113.86)**	(107.98)
Employee's Compensation Expenses (ESOP cost)	**(0.88)**	-
	523.55	306.43
Operating Profit before working capital changes	**578.59**	512.43
Adjustment for :		
Trade and other receivables	**48.74**	(206.87)
Inventories	**(1,209.38)**	(163.21)
Trade payables	**8.23**	76.85
Cash generated from operations	**(573.82)**	219.20
Direct taxes paid	**(40.25)**	(13.04)
Net Cash from/ (used in) operating activities	**(614.07)**	206.16
B. Cash Flow from investing activities :		
Purchase of Fixed Assets	**(219.67)**	(60.81)
Sale of Fixed Assets	**2.69**	5.54
Purchase of Investments	**(4,700.50)**	(650.13)
Sale of Investments	**4,512.83**	589.28
Loans and Advances	**(61.44)**	(55.47)
Dividend Received	**3.59**	0.47
Interest Received	**113.86**	107.98
Net Cash used in investing activities	**(348.64)**	(63.14)
C. Cash Flow from financing activities :		
Proceeds from borrowings (Net of repayments)	**1,674.18**	(466.21))
Issue of Convertible Warrants	**-**	18.90
Issue of Equity Shares & Premium thereon :		
On issue of QIP	**-**	723.18
On conversion of Equity Warrants	**56.70**	-
Issue expenses (QIP)	**-**	(19.87)
Interest paid	**(391.95)**	(316.56)
Dividend paid (including tax thereon)	**(15.58)**	(9.83)
Net Cash from/(used in) financing activities	**1,323.35**	(70.39)
Net increase/(decrease) in cash and cash equivalents	**360.64**	72.63
Cash and Cash equivalents as at Oct. 01 (Opening Balance)		
Earmarked for specific purposes	**34.82**	1.61
Other Balances	**77.53**	38.11
	112.35	39.72
Cash and Cash equivalents on Amalgamation	**6.21**	-
Cash and Cash equivalents as at September 30 (Closing Balance)		
Earmarked for specific purposes	**3.18**	34.82
Other Balances	**476.02**	77.53
	479.20	112.35

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Schedules Forming Part of Accounts

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at September 30, 2010 and Profit and Loss Account for the year ended on that date.

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Schedule 1 - Capital		
Authorised :		
800,000,000 (300,000,000) Equity Shares of Re. 1/- each	**80.00**	30.00
Nil (500,000,000) Unclassified Shares of Re. 1/- each	**-**	50.00
	80.00	80.00
Issued, Subscribed & Paid up :		
191,357,111 (176,857,111) Equity Shares of Re. 1/- each	**19.14**	17.69
(Refer Note 16)	**19.14**	17.69
Of the above shares 53,100,000 (53,100,000) Equity Shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves.		

Schedule 2 - Reserves and Surplus

	As at Oct. 01, 2009	Additions	Deductions		
Capital Redemption Reserve	0.05	-	-	**0.05**	0.05
Contingency Reserve *	10.00	-	10.00	**-**	10.00
Securities Premium **	1,643.50	806.63	-	**2,450.13**	1,643.50
General Reserve	379.97	20.03	-	**400.00**	379.97
Debenture Redemption Reserve	141.25	-	75.00	**66.25**	141.25
Reserve for Molasses Storage Tanks ***	3.31	0.50	-	**3.81**	3.31
Balance as per Profit & Loss Account	79.00	99.58	-	**178.58**	79.00
	2,257.08	926.74	85.00	**3,098.82**	2,257.08

* Deduction to Contingency Reserve represents Rs.10.00 Crore transferred to General Reserve.

** Additions to Securities Premium represent (i) Rs. 722.05 Crore credited to Securities Premium Account in accordance with the Scheme of Amalgamation being the aggregate of excess of the fair value of net assets over the paid up value of Equity Shares to be issued and allotted; net effect on fair valuation of assets and liabilities of the Company identified by the Board of Directors of the Company reduced by the cost of stamp duty and other expenditure payable on amalgamation (Refer Note 2) (ii) Rs.74.15 Crore Premium received on issue of equity shares to Promoters Group of the Company (Refer Note 16) (iii) Rs. 10.43 Crore being change in Provision for Premium on redemption of FCCBs due to fluctuation in foreign currency rate.

*** Addition to Reserve for Molasses Storage Tanks includes Rs.0.17 Crore as per Scheme of Amalgamation (Refer Note 2).

Schedule 3 - Secured Loans

Debentures		
15 - 11% Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each series 30 of 2007-08 (redeemable at par on June 19, 2011)	**15.00**	15.00
Loans & Advances from Banks	**3,851.05**	1,885.38
Other Loans & Advances	**563.72**	56.35
	4,429.77	1,956.73

Notes :

1. Non-Convertible Debentures amounting to Rs.15.00 Crore (Series 30 of 2007-08) is secured by way of first pari passu charge on certain fixed assets of the Company.

2. Working Capital / Short Term Loans facilities from Banks are secured, on first pari passu charge basis, by hypothecation of certain inventories, book debts, other receivables and current assets and further secured / to be secured, on a third pari passu charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on certain immovable fixed assets and properties of the Company. Documentation for mortgage in respect of certain loans is under finalisation.

3. Term Loans from Banks (except ECB of Yen 919.12 Crore and Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" for Rs.165.92 Crore) are secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties and further secured, on second pari passu charge basis, by hypothecation of certain present and future current assets of the Company including inventories, book debts and other receivables. Documentation for mortgage in respect of certain term loans /certain properties is under finalisation.

4. The ECB Loan of Yen 919.12 Crore is secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties. Documentation for mortgage in respect of certain properties is under finalisation.

5. Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" amounting to Rs.165.92 Crore included in Loans and Advances from Banks, are secured / to be secured on pari passu residual charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on the Sugar Undertakings of the Company. Documentation for mortgage in respect of certain loans/certain properties is under finalisation.

6. Term Loans (ECB) in foreign currency from IFC of Rs.436.06 Crore related with amalgamating company included in Other Loans & Advances is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with all buildings and structures thereon and all plant and machinery attached thereto at its factories at Pratappur, Rudauli, Kundarkhi and Utraula in Uttar Pradesh. Also further secured, on a second pari passu charge basis, by hypothecation of all current assets (present and future) related to the factories at aforesaid four locations.

7. The Sugar Development Fund Loan from Government of India amounting to Rs.127.66 Crore (inclusive of Rs.28.36 Crore Short Term Cane Development Loan) shown under Other Loans and Advances is secured/to be secured, on exclusive second charge basis, by hypothecation of the whole of movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the concerned sugar unit of the Company. The Company has also created security in favour of Government of India for certain other SDF loans aggregating to Rs.3.64 Crore, that are yet to be disbursed to the Company, on exclusive second charge basis, by hypothecation of the entire movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the respective sugar units for which the said SDF loans have been sanctioned.

8. Secured Loans covered in serial number 1 to 7 herein above include an amount of Rs. 591.91 Crore pertaining to erstwhile BHSIL ("the Transferor Company"), which is secured by respective nature of charges, encumbrances or liens created at any time prior to the Effective Date of Amalgamation, over the assets and properties or any part thereof transferred to BHL ("the Transferee Company") in terms of the Scheme of Amalgamation, shall continue to relate or attach to such assets and properties or any part thereof of the Transferor Company only. Further existing securities, encumbrances or liens over the assets and properties of the Transferee Company or any part thereof shall continue to relate or attach to the assets and properties of the Transferee Company only.

Schedule 4 - Unsecured Loans

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Short Term Debentures	**250.00**	550.00
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)*	**522.80**	478.34
Short Term Loan from Banks	**340.00**	90.00
Fixed Deposits	**0.08**	0.08
Loan from Others	**0.48**	-
	1,113.36	1,118.42

* FCCBs of Rs.455.42 Crore issued by the Company in the financial year 2005-2006 can be converted at the option of the bond holder into one equity share at Rs.465.40 per equity share, at a pre determined exchange rate of US$ 1=Rs.44.08 at any time upto 02.02.2011. FCCBs of Rs.67.38 Crore issued by amalgamating company in the financial year 2006-07 can be converted at the option of the bond holder into one equity share at Rs.250 per equity share, at a pre determined exchange rate of US$ 1=Rs.42.42 at any time upto 26.04.2014.

Schedule 5 - Fixed Assets Rs. Crore

DESCRIPTION		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at Oct. 1, 2009	Additions	Deductions & Adjustments	**As at Sept. 30, 2010**	As at Oct. 1, 2009	For the year	Deductions & Adjustments	**Upto Sept. 30, 2010**	**As at Sept. 30, 2010**	As at Sept. 30, 2009
1.	Freehold Land	76.37	366.24	0.36	**442.25**	-	-	-	**-**	**442.25**	76.37
2.	Leasehold Land	-	0.32	(0.36)	**0.68**	-	0.05	-	**0.05**	**0.63**	-
3.	Buildings	648.57	399.74	4.27	**1,044.04**	121.10	48.20	0.37	**168.93**	**875.11**	527.47
4.	Plant & Machinery	2,579.88	2,205.48	9.17	**4,776.19**	600.20	197.05	0.27	**796.98**	**3,979.21**	1,979.68
5.	Furniture, Fixtures & Office Equipments	43.41	3.61	0.55	**46.47**	28.95	3.51	0.48	**31.98**	**14.49**	14.46
6.	Vehicles & Aircraft	19.03	124.64	1.85	**141.82**	12.80	5.30	1.34	**16.76**	**125.06**	6.23
7.	Leased Assets:										
	Distillery Division:										
	- Land	1.89	6.59	-	**8.48**	-	-	-	**-**	**8.48**	1.89
	- Buildings	9.27	2.24	-	**11.51**	1.36	0.79	-	**2.15**	**9.36**	7.91
	- Plant & Machinery	25.94	9.10	-	**35.04**	9.01	1.89	-	**10.90**	**24.14**	16.93
	- Furniture, Fixtures & Office Equipments	0.08	-	-	**0.08**	0.07	-	-	**0.07**	**0.01**	0.01
8.	Intangible Assets-Computer Software	3.04	0.27	-	**3.31**	1.49	0.65	-	**2.14**	**1.17**	1.55
	Total	3,407.48	3,118.23	15.84	**6,509.87**	774.98	257.44	2.46	**1,029.96**	**5,479.91**	2,632.50
	Previous Year Total	3,056.38	362.69	11.59	3,407.48	577.56	202.21	4.79	774.98	2,632.50	2,478.82
9.	Capital Work in Progress	131.28	722.48	762.48	**91.28**	-	-	-	**-**	**91.28**	131.28
	G. Total	3,538.76	3,840.71	778.32	**6,601.15**	774.98	257.44	2.46	**1,029.96**	**5,571.19**	2,763.78
	Previous Year G. Total	3,195.07	716.40	372.71	3,538.76	577.56	202.21	4.79	774.98	2,763.78	

Note: (i) Building includes an amount of Rs. 500/- being value of 10 shares of Rs. 50/- each in a co-operative society.

(ii) The assets of Distillery Division at Palia Kalan were leased w.e.f. May 30, 2006.

(iii) Deductions & Adjustments include Rs. 8.44 Crore Decapitalised towards exchange fluctuation gain on foreign currency loans as per the Notification dated 31.03.2009 issued by the Ministry of Corporate Affairs.

(iv) Deductions & Adjustments include Rs.2.40 Crore received on account of capital subsidy from Ministry of New and Renewal Energy (U & I Group) Government of India.

(v) As per Scheme of Amalgamation and based on the reports of independent valuer, Company has fair valued its certain fixed assets as at April 01, 2010 resulting into additions to gross block aggregating to Rs. 1,406.63 Crore (included in additions column - Land Rs.283.93 Crore, Building Rs.137.42 Crore and Plant and Machinery Rs.985.28 Crore). The additonal depreciation on account of fair valuation of fixed assets aggregating to Rs.31.00 Crore has been debited to the Profit & Loss account. (Refer Note 2)

(vi) Additions include Rs.1,478.45 Crore on account of Amalgamation of Bajaj Hindusthan Sugar and Industries Ltd. w.e.f. April 01, 2010 as per Scheme of Amalgamation. (Refer Note 2)

(vii) Particulars of Capital Work in Progress :

Particulars	As at Oct. 1, 2009	Additions	Deductions & Adjustments	**As at Sept. 30, 2010**
Advance to Suppliers / Contractors	12.88	614.68	621.40	**6.16**
Plant & Machinery / Civil work in progress	118.40	107.80	141.08	**85.12**
Total	131.28	722.48	762.48	**91.28**

Schedule 6 - Investments

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
(I) Long Term Investments (At Cost) :		
A. Other than Trade		
Quoted, Fully Paid Equity Shares :		
Nil (48,000) Shares of Bajaj Holding & Investment Ltd. (BHIL) of Rs.10/- each (formerly known as Bajaj Auto Ltd.)	**-**	0.02
Nil (48,000) Shares of Bajaj Auto Ltd (BAL) of Rs. 10/- each	**-**	0.01
Nil (48,000) Shares of Bajaj Finserv Ltd (BFSL) of Rs. 5/- each	**-**	0.01
9,750 (9,750) Shares of Mukand Ltd. of Rs.10/- each	**0.03**	0.03
Quoted, Fully Paid Preference Shares :		
2,437 (2,437) 0.01% Cumulative Redeemable Preference Shares of Mukand Ltd. of Rs. 10/- each.- Rs.24,370/- (Previous year Rs. 24,370/-)	**0.00**	0.00
Interest in a Beneficiary Trust (Refer Note 2)	**693.72**	-
B. Trade		
In Subsidiary Companies :		
Quoted, Fully Paid Equity Shares :		
Nil (88,500,000) Shares of Bajaj Hindusthan Sugar and Industries Ltd. of Re. 1/- each	**-**	358.72
Unquoted, Fully Paid Equity Shares :		
11,500,000 (11,500,000) Shares of Bajaj Eco-Tec Products Ltd. of Rs. 10/- each	**114.91**	114.91
2,161,461 (2,161,361) Shares of Bajaj Internacional Participações Ltda., Brazil of BRL 1/- each	**4.55**	4.55
27,001,000 (1,000) Shares in Bajaj Hindusthan (Singapore) Pte Ltd., Singapore of S$ 1/- each (Previous year Rs.27,270/-)	**92.32**	0.00
7,800,000 (810,000), Shares of Bajaj Energy Pvt. Ltd. (Formerly known as Bajaj Eco-Chem Products Pvt. Ltd.) of Rs. 10/- each	**137.81**	0.81
Unquoted, Fully Paid Preference Shares :		
10,000,000 (10,000,000) 7% Redeemable Cumulative Non Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of Rs. 10/- each	**10.00**	10.00
60,000,000 (60,000,000) 7% Redeemable Cumulative Optionally Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of Rs. 10/- each	**60.00**	60.00
In Others:* Unquoted, Fully Paid Equity Shares :		
1,148,400 (1,148,400) Shares of Bajaj Ebiz Pvt. Ltd. of Rs.10/- each	**1.15**	1.15
5,000 (5,000) Shares of Esugarindia Clearing Corporation Ltd. of Rs.10/- each	**0.01**	0.01
(II) Current Investments (At lower of cost or fair value) :		
Investment in Mutual Funds (Unquoted fully paid) :		
4,316.172 (4,316.172) Nos. Unit of Franklin India Prima Plus -Growth Plan of Rs. 100/- each	**0.05**	0.05
	1,114.55	550.27
*Less: Provision for diminution in value of investments	**1.16**	1.16
	1,113.39	549.11

	Book Value as at		Market Value as at	
	Sept. 30, 2010	Sept. 30, 2009	**Sept. 30, 2010**	Sept. 30, 2009
Quoted Investments	**0.03**	358.79	**0.07**	309.73
Unquoted Investments	**1,113.36**	190.32	**-**	-
	1,113.39	549.11	**0.07**	309.73

Notes :

1) Following Investments were purchased and sold/ redeemed during the year:

Mutual Funds: Rs. Crore

S. No.	Particulars	No. of Units	Cost
1.	DSP Blackrock Mutual Fund		
	(i) Cash Manager Fund - Daily Dividend	199,980	20.00
	(ii) Floating Rate Fund - Daily Dividend	199,904	20.00
2.	GCCD IDFC Mutual Fund		
	(i) Cash Fund - IP -Super Inst Plan C- Daily Dividend	13,996,501	14.00
	(ii) Money Manager Fund - IP -Super Inst Plan C- Daily Dividend	13,999,141	14.00
3.	HDFC Mutual Fund		
	(i) Cash Management Fund - Daily Dividend Reinvestment	235,041,931	250.00
	(ii) Treasury Advantage Fund - Daily Dividend Reinvestment	249,239,809	250.03
4.	JM Financial Mutual Fund		
	(i) Money Manager Fund - Super Plus Plan Daily Dividend	49,973,514	50.00
5.	Kotak Mahindra Mutual Fund		
	(i) Floater Long Term Fund - Daily Dividend	12,898,224	13.00
	(ii) Liquid Fund - Institutional Premium - Daily Dividend	10,631,251	13.00
6.	LIC Mutual Fund		
	(i) Liquid Fund - Dividend Plan	919,845,903	1,010.00
	(ii) Saving Plus Fund - Daily Dividend Plan	1,040,093,967	1,040.10
7.	Principal Mutual Fund		
	(i) Principal Floating Rate Fund FMP - Inst Option - Dividend Reinvestment Daily	144,821,869	145.00
8.	Reliance Mutual Fund		
	(i) Liquid Fund-Treasury Plan - Instl Option - Daily Dividend	304,175,829	465.00
	(ii) Liquidity Fund - Daily Dividend Reinvestment	49,984,505	50.00
	(iii) Money Manager Fund - Institutional Option - Daily Dividend Plan	4,645,043	465.04
9.	SBI Mutual Fund		
	(i) Short Horizon Debt Fund - Ultra Short Term fund - Inst - Daily Dividend	100,950,355	101.01
	(ii) Magnum Insta Cash Fund - Daily Dividend Option	179,698,274	301.00
	(iii) SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	99,951,877	100.00
10.	Tata Mutual Fund		
	(i) Floater Fund - Daily Dividend	24,913,444	25.00
	(ii) Liquid Super High Investment Fund - Daily Dividend	224,312	25.00
11.	UTI Mutual Fund		
	(i) Liquid Cash Plan - Institutional-Daily Income Option - Reinvestment	245,231	25.00
	(ii) Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) Reinvestment	749,862	75.00

2) Bajaj Eco-Tec Products Ltd. has invested Rs. 5.00 Crore in 5,000,000 Shares of Rs. 10/- each of Bajaj Aviation Pvt. Ltd. (Step down Subsidiary) during the year 2007-08.

Schedule 7 - Current Assets, Loans & Advances

	Rs. Crore	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Current Assets :			
(a) Inventories (At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the Management)			
(i) Stores, Spare Parts and Packing Materials		**78.86**	59.00
(ii) Raw Material		**574.24**	305.66
(iii) Finished Stock		**1,222.35**	395.37
(iv) Materials-in-Process		**1.31**	0.40
(v) By-Products		**44.60**	40.02
		1,921.36	800.45
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Good		**64.63**	0.87
Doubtful	**0.43**		0.43
Less : Provision	**(0.43)**		(0.43)
		-	-
Other Debts		**98.47**	27.70
		163.10	28.57
(c) Cash and Bank Balances			
Cash on hand (including cheques & drafts Rs. 29.72 Crore, Previous year Rs.18.95 Crore)		**31.23**	19.99
Balance with Scheduled Banks:			
(i) In Current Accounts		**108.08**	57.36
(ii) In Fixed Deposits (Including interest accrued Rs. 2.90 Crore, Previous year Rs. 0.61 Crore) (FDR's of Rs. 3.18 Crore (Previous year Rs. 34.82 Crore) earmarked for specific purposes.)		**339.78**	34.82
Balance with Non Scheduled Banks - In Current Accounts		**0.11**	0.18
		479.20	112.35

	As at Sept. 30, 2010 Rs. Crore	Maximum balance during the year Rs. Crore
District Cooperative Bank Limited	**0.11**	**9.37**
	(0.18)	(7.60)

Loans and Advances:			
(d) Loans and Advances (Unsecured, considered good unless otherwise stated)			
Bajaj Hindusthan Sugar and Industries Ltd. (Subsidiary Company) (Up to March 31, 2010) (Maximum debit balance during the year Rs. 414.69 Crore, Previous year Rs. 401.16 Crore)		**-**	401.16
Bajaj Hindusthan (Singapore) Pte Ltd. (Subsidiary Company) (Maximum debit balance during the year Rs. 0.18 Crore, Previous year Rs. 0.14 Crore)		**0.18**	0.14
Other Companies		**616.31**	554.91
Other Company - Doubtful	**2.29**		2.29
Less: Provision	**(2.29)**		(2.29)
		-	-
Advances recoverable in cash or in kind or for value to be received		**426.08**	909.24
Deposits #		**12.77**	12.70
Balance with Excise Department including Cenvat credits		**215.48**	104.69
MAT credit entitlement		**81.10**	64.75
Tax paid in advance (net of Provisions)		**72.29**	45.46
		1,424.21	2,093.05
		3,987.87	3,034.42

Includes National Savings Certificates of the face value of Rs. 0.08 Crore (Previous year Rs.0.07 Crore) and Pass books of Post Office Saving Bank Account having an aggregate balance of Rs.0.01 Crore (Previous year Rs.0.01 Crore) pledged with Government Authorities.

Schedule 8 - Current Liabilities and Provisions

		As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
A.	**Current Liabilities:**		
	Sundry Creditors (Including Capital Suppliers Rs.15.87 Crore, Previous year Rs.44.79 Crore) *	**1,666.80**	657.35
	Interest Accrued but not due	**42.58**	19.33
	Deposits from Stockists and others	**7.08**	5.95
	Investor Education & Protection Fund (IEPF) shall be credited by the following : (Amounts to be transferred to said fund shall be determined on the respective due dates) Unclaimed Dividend	**0.49**	0.40
	*Sundry Creditors' include Rs. Nil due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).		
	During the year, no amounts have been paid beyond the appointed day in terms of the MSME and there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said Act at the close of the year.		
	The disclosure above is based on the information available with the Company regarding the status of the suppliers under the MSME.	**1,716.95**	683.03
B.	**Provisions:**		
	For Employee Benefits	**12.81**	12.32
	For Premium on redemption of FCCBs	**163.55**	160.62
	Proposed Dividend	**13.40**	12.38
	Corporate Dividend Tax	**2.22**	2.10
		191.98	187.42
		1,908.93	870.45

	Rs. Crore	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Schedule 9 - Gross Sales/ Income from Operations			
Sales:			
Manufactured Goods		**2,894.77**	1,597.52
By Products		**23.53**	35.48
Power		**51.97**	22.62
Export Incentives		**-**	0.13
		2,970.27	1,655.75
Schedule 10 - Other Income			
Dividend on Long Term Investment		**0.01**	0.16
Dividend on Current Investment		**3.58**	0.31
Surplus on Sale of Assets		**0.25**	0.35
Lease Rent		**15.84**	1.92
Gain due to Foreign Exchange Fluctuation (Net)		**47.73**	74.47
Scrap / Stores sales		**6.43**	6.28
Profit on sale of Long Term Investment		**16.61**	-
Extinguishment of liability on buyback of FCCBs		**-**	33.71
Provisions no longer required / Credit balances appropriated		**32.19**	104.14
Miscellaneous Receipts		**32.74**	9.81
		155.38	231.15
Schedule 11 - Raw Materials Consumed			
Opening Stock		**305.66**	-
Purchases*		**3,034.22**	1,122.42
		3,339.88	1,122.42
Less: Closing Stock		**574.24**	305.66
		2,765.64	816.76
* Includes Rs 88.48 Crore on account of amalgamation			
Schedule 12 - Manpower Cost			
Salaries & Wages		**128.00**	105.47
Contribution to Provident, Superannuation and Pension funds		**8.43**	6.51
Contribution to Other funds		**5.10**	3.14
Employee's Welfare Expenses		**6.17**	5.71
Employee's Compensation Expenses (ESOP cost)		**(0.88)**	-
		146.82	120.83
Schedule 13 - Other Expenses			
Stores, Spares and Packing Materials consumed		**84.97**	35.46
Power and Fuel		**42.52**	14.97
Rent		**6.05**	3.81
Rates and Taxes		**1.04**	0.85
Repairs :			
Building	**2.80**		1.73
Machinery	**28.57**		14.92
Others	**3.97**		3.23
		35.34	19.88
Payment to Auditors for :			
Audit fees	**0.28**		0.18
Tax audit fees	**0.04**		0.02
Certification work	**0.11**		0.09
Out of pocket expenses	**0.03**		0.01
		0.46	0.30
Payment to Cost Auditor (Cost audit fee)		**0.03**	0.02
Insurance		**6.19**	4.74
Selling Commission		**6.96**	3.58
Selling & Distribution expenses		**10.29**	13.04
Director's fees		**0.09**	0.07
Donations (Previous year Rs. 39,547/-)		**0.04**	0.00
Miscellaneous Expenses		**52.19**	39.57
Bad debts written off		**-**	0.37
Loss on Assets Sold / Discarded		**0.10**	1.62
		246.27	138.28

	Rs. Crore	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Schedule 14 - Interest and Finance Charges (Net)			
Interest :			
On Term Loans		**16.72**	32.22
On Debentures		**28.52**	53.35
On Working Capital Loans		**83.98**	81.34
On Others		**226.51**	115.84
		355.73	282.75
Less: Interest Income Gross (Tax deducted at source Rs 11.51 Crore, Previous year Rs. 13.84 Crore)			
On Loans		**104.33**	97.25
On Others		**9.53**	10.73
		113.86	107.98
		241.87	174.77
Add: Finance charges		**59.47**	12.31
		301.34	187.08
Schedule 15 - (Increase)/Decrease in Stocks			
Opening Stock :			
Finished Goods	**395.37**		584.06
Materials in process	**0.40**		-
By-product	**40.02**		8.28
		435.79	592.34
Add: Stock on amalgamation (Refer Note 2)			
Finished Goods	**56.34**		-
Materials in process	**0.02**		-
By-product	**24.54**		-
		80.90	-
Less: Closing Stock :			
Finished Goods	**1,222.35**		395.37
Materials in process	**1.31**		0.40
By-product	**44.60**		40.02
		1,268.26	435.79
		(751.57)	156.55
Add/(Less): Excise Duty on Increase/Decrease in stocks		**8.00**	(12.82)
		(743.57)	143.73

Schedule 16 - Statement on Significant Accounting Policies and Notes forming part of the Accounts for the year ended September 30, 2010 :

1. Significant Accounting Policies

1.1 System of Accounting :

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties and interest on delayed payment by parties.

(ii) Financial statements are based on historical cost except certain fixed assets which are valued at fair value.

1.2 Revenue Recognition :

(i) Revenue is recognised when the significant risk and rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of sales tax/VAT. Sales excludes captive consumption.

(ii) Sales made on high seas basis delivered to the customers directly and not held in stocks are not included in the Sales / Turnover and are included on net basis in other income or as the case may be other expenses.

(iii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Govt. as available till such time, pending final notification for each season. The difference in price pending final notification is accounted on an estimation by the management taking into account factors affecting the calculation of levy sugar price.

(iv) Export incentive in the nature of duty draw back or "Duty Entitlement Pass Book" under "Duty Exemption Scheme" is accounted for in the year of Export.

1.3 Fixed Assets and Depreciation :

(a) Fixed Assets :

(i) Fixed assets are carried at cost of acquisition or construction cost and includes amount added on fair valuation, less accumulated depreciation (except free hold land),amortisation and impairment loss if any.

(ii) Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative Expenses pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended upto the date of Balance Sheet.

(b) Depreciation:

(i) Depreciation on fixed assets (including on revalued portion on fair value) has been provided as under: -

(a) Plant & Machinery & Aircraft:
On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(b) Other Assets (except clause c below):
On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(c) Intangible assets represented by computer software is being amortised over a period of five years. Leasehold land is amortised over the lease period.

(ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

1.4 Investments :

Long term investments are stated at cost of acquisition. Diminution in value of such long term investments is not provided for except where determined to be of permanent nature. Current investments are stated at lower of cost or fair market value.

1.5 Inventories :

(i) Stock of Raw Materials is valued at cost or net realisable value whichever is lower. Cost is arrived at on FIFO Basis.

(ii) Stock of Materials-in-Process and Finished goods is valued at cost or net realisable value whichever is lower.*

(iii) Stores, Spares and Packing material are valued at cost. Cost is arrived at on Weighted Average Basis.

(iv) Obsolete stores and spares when identified and technically determined, are valued at estimated realisable value.

(v) By-products - Molasses and Bagasse has been valued at estimated realisable value.

(vi) Trial run inventories are valued at cost or estimated realisable value whichever is lower. *

*Cost is arrived at on full absorption basis as per Accounting Standard AS-2 "Valuation of Inventories".

1.6 Research and Development:

Revenue expenditure on Research and Development is charged against the profit for the year.
Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

1.7 Government Grants:

Government grants / subsidies received towards specific fixed assets have been deducted from the gross value of the concerned fixed assets and grant / subsidies received during the year towards revenue expenses have been reduced from respective expenses. Capital Subsidies under Sugar Promotion Policy, 2004 is recognised to the extent the claims are accepted and settled.

1.8 Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalorised at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the Profit & Loss Account. However, in respect of long term foreign currency monetary items, the exchange difference relating to acquisition of capital assets, in line with notification has been adjusted to the capital assets.

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. In case of financial derivative contracts, premiums paid, gains/losses on settlement and provision for losses, are recognised in the profit and loss account except gains/ losses and provisions relating to acquisition of capital assets, in which case, they are adjusted to carrying cost of fixed assets.

1.9 Employee Benefits :

(a) Short Term Employee Benefits:

Short term employee benefits are recognised as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.

(b) Post Employment Benefits:

(i) Defined Contribution Plans:

Company's contribution to the superannuation scheme, pension under Employees' Pension Scheme, 1995 etc. are recognised during the year in which the related service is rendered.

(ii) Defined Benefit Plans:

- Gratuity:

Gratuity liability is covered under the Gratuity-cum-Insurance Policy of Life Insurance Corporation of India (LIC) by BHL Employees' Gratuity Fund. The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. The amount funded by the Trust administered by the Company under the aforesaid Policy, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.

- Provident Fund:

Monthly contributions are made to a Trust administered by the Company. The interest rate payable by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on the investments of the Trust and the notified interest rate.

(c) Long term compensated absences are provided on the basis of actuarial valuation.

(d) Compensation to employees under Voluntary Retirement Scheme is charged to Profit and Loss Account in the year of accrual.

1.10 Borrowing Cost :

(i) Borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use and other borrowing costs are charged to profit & loss account.

(ii) Expenses on issue of shares, debentures and foreign currency convertible bonds (FCCBs), premium on redemption of FCCBs, which is being provided entirely on issuance as well as exchange rate difference arising on revalorisation of such premium are charged to "Securities Premium Account" in accordance with Section 78 of the Companies Act, 1956.

1.11 Provision for Current and Deferred Tax:

(i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognised as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realisation. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realisation.

(ii) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is

recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

1.12 Impairment of Assets :

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

1.13 Provisions, Contingent Liabilities and Contingent Assets: Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

1.14 Employee Stock Options and Shares Plan (ESOP) :

In accordance with SEBI guidelines, the excess of the market price of the shares, at the date of grant of options under the ESOP, over the exercise price, is treated as Employee Compensation Expense.

2. Pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956, the Hon'ble High Court of Bombay pronounced an Order on November 26, 2010, sanctioning the Scheme of Amalgamation of Bajaj Hindusthan Sugar and Industries Limited (BHSIL or amalgamating company), a subsidiary company with the Company with effect from the appointed date 1st April, 2010. BHSIL is engaged in the business of manufacturing of sugar, alcohol and its allied products.

The Scheme became effective on December 20, 2010 upon filing the said Order with the Registrar of Companies, Maharashtra, Mumbai as required under Section 394 (3) of the Companies Act, 1956.

In accordance with the Scheme and as per the approval of the Hon'ble High Court of Bombay :

a) All the assets, liabilities, rights and obligations of BHSIL have been transferred to and vested with the Company with effect from 1st April, 2010 and have been recorded at their respective fair values, under the purchase method of accounting for amalgamation.

b) 37,000,000 Equity Shares of Re. 1/- each fully paid up are to be issued to the equity share holders of the amalgamating Company whose names are registered in the register of members on record date and to the Trust created as per the terms of the Scheme by the Company against its investments in and advances to amalgamating company, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense".

c) Excess of the fair value of net assets taken over by the Company over the paid up value of Equity Shares to be issued and allotted of Rs.875.63 Crore has been credited to Amalgamation Reserve Account except the Statutory Reserve which has been credited to the similar reserve of the company; Beneficial Interest in the Trust referred to in (b) above has been recorded at the book value of the underlying assets i.e. Rs. 693.72 Crore; net effect on fair valuation of assets and liabilities of the Company identified by the Board as prescribed by the Scheme to be fair valued based on the reports by an independent valuer / management estimates of Rs. 144.88 Crore has been debited to Amalgamation Reserve Account; the balance in Amalgamation Reserve Account after netting off the cost of Rs. 8.70 Crore being the stamp duty and other expenditure payable on Amalgamation an amount of Rs.722.05 Crore is credited to Securities Premium Account. The additional depreciation on account of fair valuation of fixed assets of the company aggregating to Rs.31.00 Crore has been debited to the Profit & Loss Account.

Had the Scheme not prescribed this accounting treatment, the aggregate amount of Rs. 1,406.63 Crore being the effect of fair valuation of fixed assets of the company would have been credited to Revaluation Reserve and Rs.1,560.21 Crore being expenses on amalgamation and fair valuation of current assets would have been debited to Profit & Loss account with a corresponding effect on the profit for the year.

d) From the effective date the authorised share capital will stand increased to Rs. 1,800,000,000 consisting of 1,800,000,000 Equity Shares of Re.1/- each without any further act or deed on the part of the Company, including payment of stamp duty and Registrar of Companies fees and the Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the Company.

e) BHSIL stands dissolved without being wound up from the Effective Date.

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
3. Contingent Liabilities not provided for:		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts:		
(i) Central Excise matters	**26.77**	31.87
(ii) Trade Tax matters	**2.53**	0.58
(iii) Income Tax matters (Previous year Rs. 17,074/-)	**-**	0.00
(iv) Other Claims	**29.83**	41.22

(b) The Company has furnished following guarantees on behalf of subsidiary companies:

Name of Company	Sept. 30, 2010 Amount of Guarantees	Sept. 30, 2010 Amount Utilised	Sept. 30, 2009 Amount of Guarantees	Sept. 30, 2009 Amount Utilised
Bank Guarantees				
Bajaj Energy Pvt. Ltd. (formerly known as Bajaj Eco-Chem Products Pvt. Ltd. (Subsidiary Company)				
- In favour of Governor of State of U.P., Lucknow	**22.50**	**N.A.**	-	N.A.
- In favour of Central Coalfields Ltd.	**19.30**	**N.A.**	-	N.A.
- In favour of U. P. Pollution Control Board	**0.50**	**N.A.**	-	N.A.
Corporate Guarantees				
Bajaj Energy Pvt. Ltd. (formerly known as Bajaj Eco-Chem Products Pvt. Ltd. (Subsidiary Company)				
- In favour of Banks	**856.52**	**711.21**	-	-
Bajaj Eco-Tec Products Ltd. (Subsidiary Company)				
- In favour of Bank	**104.00**	**30.00**	74.00	55.69

(c) The Income Tax assessment of the Company has been completed upto Assessment Year 2007-08. However, the Company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessment of the earlier years. These appeals have not resulted into any demand on account of carry forward losses.

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
4. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	**14.17**	26.48
(b) Lease Rental Income:		
- Not later than one year	**13.28**	1.92
- Later than one year but not later than five years	**30.87**	1.28
- Later than five years	**-**	-

General description of lease term:

- Lease income is recognised based on the leased terms.
- Assets are given on lease for the period of 4 to 5 years. The company has the option to renew the lease for secondary period. There are no exceptional/restrictive covenants in the lease agreements.

5. Raw Materials Consumed (Imported and Indigenous)

Raw Material	2009-2010 M. Tonnes	2009-2010 Rs. Crore	2008-2009 M. Tonnes	2008-2009 Rs. Crore
(a) Raw Materials Consumed (Imported) :				
i. Raw Sugar	**327,062**	**654.14**		-
		23.65%	-	0.00%
(b) Raw Materials Consumed (Indigenous) :				
i. Sugarcane	**8,470,282**	**2,093.59**	5,427,382	810.57
ii. Molasses	**420,572**	**15.21**	135,870	4.52
iii. Others		**2.70**		1.67
		2,111.50		816.76
		76.35%		100.00%

6. Value of imported and indigenous spare parts & components and percentage to the total consumption:

		2009-2010		2008-2009	
		Rs. Crore	**Percentage**	Rs. Crore	Percentage
i.	Spare Parts & Components (Indigenous)	**1.41**	**100.00**	0.97	100.00
ii.	Spare Parts & Components (Imported)	**-**	**-**	-	-

7. Managerial Remuneration :

(a) Computation of Commission to Chairman & Managing Director and Joint Managing Director:

			2009-2010		2008-2009	
			Rs. Crore	**Rs. Crore**	Rs. Crore	Rs. Crore
Profit as per Profit & Loss Account				**51.75**		156.23
Add:	(i)	Remuneration to managerial personnel	**4.29**		7.17	
	(ii)	Provision for Taxation	**16.45**		33.75	
	(iii)	Deferred Tax	**3.19**		49.11	
	(iv)	Loss on Assets Sold	**0.10**	**24.03**	1.62	91.65
				75.78		247.88
Less:	(i)	Surplus on sale of Assets		**0.25**		0.35
	(ii)	Extinguishment of liability on buyback of FCCBs		**-**		33.71
	(iii)	Profit on sale of Long Term Investment		**16.61**		-
	(iv)	MAT credit entitlement		**16.35**		33.09
		Net Profit on which commission is payable		**42.57**		180.73
		Chairman & Managing Director's commission @ 1% on above		**0.43**		1.81
		Joint Managing Director's commission @ 1% on above		**0.43**		1.81
		Maximum commission as determined by the Board of Directors:				
		Chairman & Managing Director's commission		**NIL**		1.75
		Joint Managing Director's commission		**NIL**		1.75

(b) The Profit & Loss Account includes payments and provisions on account of remuneration to managerial personnel as under:

Rs. Crore

		Chairman & Managing Director	Joint Managing Director	Chief Executive Director	Director (Corporate & Legal Affairs)	Total
1.	Salary, etc.	**1.01**	**0.98**	**-**	**0.66**	**2.65**
		(0.72)	(0.71)	(0.41)	(0.31)	(2.15)
2.	Commission	**-**	**-**	**-**	**-**	**-**
		(1.75)	(1.75)	-	-	(3.50)
3.	Contribution to Provident Fund and Superannuation, etc.	**0.27**	**-**	**-**	**0.03**	**0.30**
		(0.19)	-	(0.33)	(0.01)	(0.53)
4.	Other Perquisites	**0.78**	**0.51**	**-**	**0.05**	**1.34**
		(0.55)	(0.38)	(0.03)	(0.03)	(0.99)
Total		**2.06**	**1.49**	**-**	**0.74**	**4.29**
		(3.21)	(2.84)	(0.77)	(0.35)	(7.17)

		2009-2010 Rs. Crore	2008-2009 Rs. Crore
8.	Earnings in Foreign Exchange:		
	Export of goods on F.O.B. basis	**-**	4.13
9.	Expenditure in Foreign Currency:		
(i)	Interest	**20.29**	12.93
(ii)	Travelling Expenses	**0.58**	0.08
(iii)	Others	**4.03**	0.93
10.	C.I.F. value of imports:		
	Raw Material	**1,208.98**	293.26

11. The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS18) 'Related Party Disclosures' is stated herein below / set out in a separate statement annexed hereto.

a) Related parties and relationships for which disclosure is required under AS18:

A. Subsidiary Companies

1. Bajaj Aviation Private Ltd. (Step Down Subsidiary)
2. Bajaj Eco-Tec Products Ltd. (Wholly owned)
3. Bajaj Energy Private Ltd. (Formerly known as Bajaj Eco-Chem Products Private Ltd.)
4. Bajaj Hindusthan Sugar and Industries Ltd. (upto 31.03.2010)
5. Bajaj Internacional Participações Ltda., Brazil (Wholly owned)
6. Bajaj Hindusthan (Singapore) Pte Ltd., Singapore (Wholly owned)

B. Associates and Joint Ventures

Bajaj E-biz Private Ltd. – Associate

C. Directors and their relatives

Mr. Shishir Bajaj - Chairman & Managing Director (Key management personnel)
Mrs. Minakshi Bajaj (Wife of Mr. Shishir Bajaj)
Mr. Kushagra Bajaj - Joint Managing Director (Key management personnel) and also son of Mr. Shishir Bajaj.
Mr. Apoorva Bajaj (Son of Mr. Shishir Bajaj)
Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs) (Key management personnel).

D. Enterprises over which any person described in (C) above is able to exercise significant influence

1. Bajaj Capital Ventures Private Ltd.
2. Bajaj Holding & Investment Ltd.
3. Bajaj Infrastructure Development Company Ltd.
4. Shishir Bajaj Family Trust

b) Disclosure as required under AS-18 in respect of Related Party Transactions:

Rs. Crore

Transactions	Subsidiaries	Directors/ Key Management Personnel	Relatives of Directors/ Key Management Personnel	Enterprises described in (D) above	Total
I. Transactions during the year					
Purchase of Goods	**2.18**	**-**	**-**	**-**	**2.18**
	(0.48)	(-)	(-)	(-)	(0.48)
Purchase of Capital Goods	**-**	**-**	**-**	**5.46**	**5.46**
	(-)	(-)	(-)	(-)	(-)
Sale of Goods	**162.26**	**-**	**-**	**-**	**162.26**
	(21.19)	(-)	(-)	(-)	(21.19)
Sale of Capital Goods	**Rs. 26,500/-**	**-**	**-**	**-**	**Rs. 26,500/-**
	(-)	(-)	(-)	(-)	(-)
Rendering of Services	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(0.09)	(0.09)
Interest received	**34.46**	**-**	**-**	**-**	**34.46**
	(30.15)	(-)	(-)	(-)	(30.15)
Rent received	**8.79**	**-**	**-**	**-**	**8.79**
	(Rs.2/-)	(-)	(-)	(-)	(Rs.2/-)
Rent paid	**-**	**-**	**-**	**0.72**	**0.72**
	(-)	(-)	(-)	(0.33)	(0.33)
Remuneration	**-**	**4.29**	**-**	**-**	**4.29**
	(-)	(7.17)	(0.10)	(-)	(7.27)
Dividend received	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(0.11)	(0.11)
Equity Warrant Issued	**-**	**-**	**-**	**-**	**-**
	(-)	(18.90)	(-)	(-)	(18.90)
Equity Share Capital Issued (Including Premium)	**-**	**-**	**-**	**75.60**	**75.60**
	(-)	(-)	(-)	(-)	(-)
Investment made	**229.32**	**-**	**-**	**-**	**229.32**
	(60.80)	(-)	(-)	(-)	(60.80)
Investment Sold	**-**	**-**	**-**	**0.02**	**0.02**
	(-)	(-)	(-)	(-)	(-)
Assignment of Project	**621.40**	**-**	**-**	**-**	**621.40**
	(-)	(-)	(-)	(-)	(-)
Advance given (Project)	**-**	**-**	**-**	**568.42**	**568.42**
	(-)	(-)	(-)	(-)	(-)
Loans given	**1,804.52**	**-**	**-**	**-**	**1,804.52**
	(77.95)	(-)	(-)	(-)	(77.95)
Loans given repaid	**1,790.95**	**-**	**-**	**-**	**1,790.95**
	(68.54)	(-)	(-)	(-)	(68.54)
Guarantees given	**928.82**	**-**	**-**	**-**	**928.82**
	(-)	(-)	(-)	(-)	(-)
II. Amounts Outstanding at Balance Sheet date					
Loans given outstanding	**0.18**	**-**	**-**	**-**	**0.18**
(Interest free)	(401.30)	(-)	(-)	(-)	(401.30)
Other Debtors	**20.41**	**-**	**-**	**-**	**20.41**
	(-)	(-)	(-)	(-)	(-)
Guarantees given	**1,002.82**	**-**	**-**	**-**	**1,002.82**
	(74.00)	(-)	(-)	(-)	(74.00)
Deposits given	**-**	**-**	**-**	**0.36**	**0.36**
	(-)	(-)	(-)	(0.36)	(0.36)
Investments	**419.59**	**-**	**-**	**-**	**419.59**
	(548.99)	(-)	(-)	(-)	(548.99)

Notes :

1. Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.
3. Purchase of Goods includes Rs.2.18 Crore (P.Y.Rs.0.48 Crore) from Bajaj Hindusthan Sugar and Industries Ltd.
4. Purchase of Capital Goods includes Rs.5.46 Crore (P.Y.Rs.NIL) from Bajaj Infrastructure Development Company Ltd.
5. Sale of goods includes Rs.145.67 Crore (P.Y. Rs.0.07 Crore) to Bajaj Hindusthan Sugar and Industries Ltd.
6. Sale of capital goods includes Rs.26,500/- (P.Y. Rs.NIL) to Bajaj Eco-Tec Products Ltd.
7. Interest received includes Rs.15.03 Crore (P.Y.Rs.30.15 Crore) from Bajaj Hindusthan Sugar and Industries Ltd,and Rs.16.16 Crore (P.Y.Rs.NIL) from Bajaj Energy Pvt. Ltd. on loan given to them.
8. Remuneration Includes Rs.2.06 Crore (P.Y. Rs.3.21 Crore) to Mr. Shishir Bajaj, Rs.1.49 Crore (P.Y.Rs. 2.84 Crore) to Mr. Kushagra Bajaj and Rs.0.74 Crore (P.Y. Rs.0.35 Crore) to Dr. Sanjeev Kumar.
9. Equity Share capital issued (including Premium) Rs.75.60 Crore (P.Y.Rs. NIL) to Promoter group.
10. Rent Received includes Rs.8.79 Crore (P.Y. Rs.NIL) from Bajaj Energy Pvt. Ltd.
11. Rent Paid includes Rs.0.72 Crore (P.Y.Rs.0.33 Crore) to Bajaj Capital Ventures Pvt. Ltd.
12. Investment made includes Rs.137.00 Crore (P.Y. Rs. 0.80 Crore) in Bajaj Energy Pvt. Ltd.and Rs.92.31 Crore (P.Y. Rs.NIL) in Bajaj Hindusthan (Singapore) Pte Ltd., Singapore.
13. Investment sold of Rs.0.02 Crore (P.Y. Rs.NIL) of Bajaj Holding & Investment Ltd.
14. Assignment of Project of Rs. 621.40 Crore (P.Y. Rs. NIL) to Bajaj Energy Pvt. Ltd.
15. Advances given (Project) of Rs. 568.42 Crore (P.Y. Rs. NIL) to Bajaj Infrastructure Development Company Ltd.
16. Loan given includes Rs.1,700.63 Crore (P.Y.Rs.NIL) to Bajaj Energy Pvt. Ltd, Rs.90.32 Crore (P.Y. Rs. 49.74 Crore) to Bajaj Eco-Tec Products Ltd. and Rs.0.04 Crore (P.Y. Rs.0.03 Crore) to Bajaj Hindusthan (Singapore) Pte Ltd., Singapore.
17. Loan given repaid includes Rs.1,700.63 Crore (P.Y.Rs.0.80 Crore) from Bajaj Energy Pvt. Ltd. and Rs.90.32 Crore (P.Y.Rs.67.74 Crore) from Bajaj Eco-Tec Products Ltd.
18. Guarantees given includes Rs.898.82 Crore (P.Y. Rs.NIL) for Bajaj Energy Pvt. Ltd.

12. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

13. Deferred Taxation :

Rs. Crore

	As at Sept. 30, 2010	As at Sept. 30, 2009
Deferred Tax Liabilities :		
Depreciation	**515.52**	304.25
Total	**515.52**	304.25
Deferred Tax Assets :		
Provision for Employee Benefits	**4.46**	4.30
Provision for Doubtful Debts / Advances	**0.08**	0.08
Carry Forward loss and unabsorbed Depreciation	**427.55**	191.83
Total	**432.09**	196.21
Net Deferred Tax Liability / (Asset)	**83.43**	108.04

14. Detailed Quantitative Information :

Sr. No.	Products	Licensed Capacity	Installed Capacity (as certified by the Management)	Opening Stock as at Oct. 01, 2009		On Amalgamation as at Apr. 01, 2010	Production	Reprocessing Loss / Shortage	Sales		Closing Stock as at Sept. 30, 2010	
				Quantity	Value	Quantity	Quantity	Quantity	Quantity	Value	Quantity	Value
			TCD	M.Tonnes	Rs. Crore	M.Tonnes	M.Tonnes	M.Tonnes	M.Tonnes	Rs. Crore	M.Tonnes	Rs. Crore
1.	**Sugar**	Not Applicable	**136,000** (96,000)	**175,581** (355,586)	**385.34** (577.86)	**114,767** (-)	**1,097,380** (493,268)	**665** (1,093)	**926,966** (672,180)	**2,731.95** (1,511.84)	**460,097** (175,581)	**1,146.37** (385.34)
		Kilo Litres	KL/Per Day	Kilo Litres	Rs. Crore	Kilo Litres	Kilo Litres	Kilo Litres	Kilo Litres	Rs. Crore	Kilo Litres	Rs. Crore
2.	**Alcohol**	**235,000** (187,000) per annum	**800 #** (640)	**3,640** (3,781)	**9.73** (6.20)	**10,161** (-)	**94,719** (32,070)	**359** (83)	**63,123** (32,128)	**162.82** (85.81)	**45,038** (3,640)	**75.57** (9.73)
		MW	MW	MW	Rs. Crore	MW	MW	MW	MW	Rs. Crore	MW	Rs. Crore
3.	**Power**	**Not** Applicable	**362** (274)	**3,110** (-)	**0.30** (-)	**-** (-)	**448,901** (276,300)	**7,817** (6,602)	**439,518 $** (266,588)	**51.97** (22.62)	**4,676** (3,110)	**0.41** (0.30)
	By Products			M.Tonnes	Rs. Crore	M.Tonnes	M.Tonnes	M.Tonnes	M.Tonnes	Rs. Crore	M.Tonnes	Rs. Crore
4.	**Molasses***	Not Applicable	Not Applicable	**64,370** (4,352)	**26.32** (2.30)	**49,783** (-)	**442,433** (267,241)	**1,065** (129)	**466,599** (221,360)	**16.08** (30.58)	**95,185** (64,370)	**24.41** (26.32)
5.	**Others**	Not Applicable	Not Applicable		**13.70** (5.98)					**7.45** (4.90)		**20.19** (13.70)
	Total				**435.39** (592.34)					**2,970.27** (1,655.75)		**1,266.95** (435.39)

Notes :

$ 1. Includes inter unit transfer 308,883 MW (Previous year 193,317 MW) at nil value.

* 2. Sales include inter unit transfer 411,997 MT (Previous year 150,240 MT) at nil value. Closing Stock include stock at Distillery units 21,571 MT (Previous year 15,308 MT) .

\# 3. Installed capacity of alcohol includes Distillery having 60 KL capacity given on lease w.e.f. May 30, 2006.

4. Figures for previous year are shown in brackets.

15. Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised), the details of which are as hereunder :

Funded Scheme - Gratuity

Particulars	**2009-2010 Rs. Crore**	2008-2009 Rs. Crore
Liability to be recognised in Balance Sheet as on 30th Sept.		
Present value of Funded Obligations	**22.33**	14.71
Fair Value of Plan Assets	**(16.08)**	(6.37)
Net Liability / (Asset)	**6.25**	8.34
Change in Plan Assets (Reconciliation of Opening & Closing Balances)		
Fair Value of Plan Assets as at October 01	**6.37**	7.22
Fair Value of the Plan Assets of amalgamating company	**2.66**	-
Expected Return on Plan Assets	**0.90**	0.54
Actuarial Gain / (Losses)	**0.26**	-
Contributions	**7.16**	0.17
Benefits Paid	**(1.27)**	(1.56)
Fair Value of Plan Assets as at September 30	**16.08**	6.37

	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation as at October 01	**14.71**	12.92
Change in defined Benefit Obligation of amalgamating company	**3.01**	-
Current Service Cost	**2.37**	1.75
Interest cost	**1.48**	1.11
Actuarial Losses / (Gain)	**2.03**	0.49
Benefits Paid	**(1.27)**	(1.56)
Obligation as at September 30	**22.33**	14.71
Expenditure to be recognised during the year		
Current Service Cost	**2.37**	1.75
Interest cost	**1.48**	1.11
Expected Return on Plan Assets	**(0.90)**	(0.54)
Net Actuarial Losses / (Gain) recognised during the year	**1.77**	0.49
Total Expenditure included in "Employees Emoluments"	**4.72**	2.81
Assumptions		
Discount Rate (per annum)	**8.00%**	8.00%
Expected Rate of Return on Assets (per annum)	**8.00%**	8.00%
Salary Escalation Rate (per annum)	**5.00%**	5.00%

Unfunded Scheme - Earned Leaves

Particulars	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Present value of Unfunded Obligations	**6.56**	3.98
Expenses recognised in the statements of P&L	**3.34**	2.41
Discount Rate (per annum)	**8.00%**	8.00%
Salary Escalation Rate (per annum)	**5.00%**	5.00%

16. The Company has allotted 14,500,000 new Equity Shares on January 4, 2010, upon receipt of the entire remaining sum of Rs.56.70 Crore representing 75% of the total value for such warrants and exercise of the rights by a promoter group entity of the Company on all the 14,500,000 warrants allotted earlier on May 18, 2009 on preferential basis carrying right to subscribe for and be allotted one (1) fully paid equity share of face value Re. 1 each per warrant, at a price of Rs. 52.14 per equity share in accordance with the SEBI Preferential Issue Guidelines. Subsequently, after the allotment of these new Equity Shares, the paid up Equity Share Capital and Securities Premium Account have increased by Rs. 1.45 Crore and Rs.74.15 Crore respectively.

17. Disclosures in respect of derivative instruments :

	As at Sept. 30, 2010		As at Sept. 30, 2009	
	Forward Contract USD Crore	**Option JPY/USD Crore**	Forward Contract USD Crore	Option JPY/USD Crore
(i) Derivative instruments outstanding are as under :				
Loans taken (JPY/ USD)	**-**	**804.23**	-	804.23
Creditors (USD)	**9.61**	**-**	1.41	-
FCCB (USD)	**7.70**	**5.60**	-	-
ECB (USD)	**0.93**	**-**	-	-

(All the derivative instruments have been acquired for hedging purposes.)

	USD/JPY Crore	USD/JPY Crore
(ii) Foreign currency exposures that are not hedged :		
Creditors (USD)	**1.33**	4.70
FCCB (USD)	**1.50**	9.96
ECB (USD)	**17.47**	8.70
ECB (JPY)	**114.89**	114.89

18. Pursuant to Approval under Section 212(8) of the Companies Act, 1956 (the Act) accorded by Government of India, Ministry of Corporate Affairs, vide its letter No. 47/652/2010-CL-III dated 29-07-2010, the Company has not attached with its Balance Sheet as at September 30, 2010, the documents specified in Section 212(1) of the Act in respect of its six subsidiaries, viz. (i) Bajaj Hindusthan Sugar and Industries Ltd., (ii) Bajaj Eco-Tec Products Ltd., (iii) Bajaj Aviation Pvt. Ltd., (iv) Bajaj Energy Pvt. Ltd., (v) Bajaj Hindusthan (Singapore) Pte. Ltd., and (vi) Bajaj Internacional Participações Ltda., and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2010.

19. The previous year's figures have been regrouped, rearranged and reclassified wherever necessary and are to be read in relation to the amounts and other disclosures relating to the current year. In view of the amalgamation of Bajaj Hindusthan Sugar and Industries Limited described in Note- 2 above, the figures of the current year are to that extent not comparable with those of previous year.

20. Information required in terms of Part IV of Schedule VI to the Companies Act,1956 is attached.

Signatures to Schedules "1" to "16"

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 0 0 1 7 9 7

State Code 1 1

Balance Sheet Date 3 0 (Date) 0 9 (Month) 2 0 1 0 (Year)

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	14,500

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

Total Liabilities	Total Assets
87,635,186	87,635,186

Sources of Funds

Paid-up Capital	Reserves & Surplus
191,357	30,988,211
Equity Suspense	**Stock Options Outstanding**
37,000	152,988
Secured Loans	**Unsecured Loans**
44,297,763	11,133,581
	Deferred Tax Adjustments
	834,286

Application of Funds

Net Fixed Assets	Investments
55,711,911	11,133,920
Net Current Assets	**Misc. Expenditure**
20,789,355	NIL
Accumulated Loss	
NIL	

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

Turnover *	Total Expenditure
30,289,828	29,739,400

* Includes Other Income

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
+	550,428	+	517,558

(Please tick appropriate box + for Profit; - for Loss)

Earning Per Share (Basic) in Rs.	Dividend Rate %
2.51	70%

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code) - 1 7 0 1 . 1 1

Product Description - S U G A R

Item Code No. (ITC Code) - 0 0 0 0 2 2 . 0 7

Product Description - I N D U S T R I A L A L C O H O L

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Mumbai,
December 20, 2010

Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors
Bajaj Hindusthan Limited

1. We have audited the attached consolidated Balance Sheet of BAJAJ HINDUSTHAN LIMITED and its Subsidiaries as at 30th September, 2010, and the related consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These 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 also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary company whose financial statements reflect total assets of Rs. 13.55 crores as at 30th September, 2010, total revenues of Rs.1.74 crores and cash flows amounting to Rs.(0.36) crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We have relied on the management certified financial statements of the four subsidiary companies whose financial statements reflect total assets of Rs. 1,254.59 crores as at 30th September, 2010, total revenue of Rs.145.84 crores and cash flows amounting to Rs. 43.82 crores for the year ending September 30, 2010. These financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management, and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved financial statements.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited/ certified financial statements of Bajaj Hindusthan Limited and its subsidiaries, read with other notes thereon, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India :
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 30th September, 2010;
   (ii) in the case of the consolidated Profit and Loss Account, of the consolidated results of the profit of the Company and its subsidiaries for the year ended on that date; and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year on that date.

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No. 101720W
Chartered Accountants

RAJESH CHATURVEDI
Partner
Membership No. 45882

Mumbai, December 20, 2010

International Accountants' Report

To
The Board of Directors
Bajaj Hindusthan Limited

We have audited the Consolidated Balance Sheet of Bajaj Hindusthan Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as at 30 September 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the year ended on that date (the financial statements) annexed hereto, which have been prepared by the Company, in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

The management of the Company is responsible for the preparation of these financial statements. The financial statements have also been audited by firms of Chartered Accountants appointed as Auditors under the statute (The Companies Act, 1956) who submit separately their report in accordance with the provisions of the Companies Act. It is our responsibility to form an independent opinion, based on our audit of the financial statements and to report our opinion to you as a concurrent special assignment.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. The financial statements dealt with by this report are in agreement with books of account of the Company and its subsidiaries.

1. We did not audit the financial statements and other financial information of certain subsidiaries. The financial statements of these subsidiaries for the year ended 30 September 2010 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include assets of Rs 13.55 crores as at 30 September 2010, revenues of Rs 1.74 crores and cash outflows amounting to Rs 0.36 crores in respect of the aforementioned subsidiaries for the year then ended.

2. We have relied on the unaudited financial statements of the subsidiaries whose financial statements reflect total assets of Rs 1,254.59 crores as at 30 September 2010, total revenue of Rs 145.84 crores and cash inflows amounting to Rs 43.82 crores for the year ending 30 September 2010. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management, and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved financial statements.

Opinion

Based on our audit as aforesaid, and on consideration of reports of other auditors and accounts approved by the Board of Directors as explained in the above mentioned paragraphs, in our opinion and to the best of our information and according to the explanations given to us, the 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 state of affairs of the Group as at 30 September 2010;

(ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

(iii) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For BSR & Company
Chartered Accountants
Firm's Registration No.: 128032W

Vijay Bhatt
Partner
Membership No. 036647

Mumbai,
December 20, 2010.

Consolidated Balance Sheet as at September 30, 2010

	Schedule	Rs. Crore	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
I. Sources of Funds :				
Shareholders' Funds				
Capital	1	**19.14**		17.69
Equity Share Suspense (Refer Note 3)		**3.70**		-
Equity Warrants		**-**		18.90
Stock Options outstanding		**15.30**		16.18
Reserves & Surplus	2	**2,845.67**		2,060.74
			2,883.81	2,113.51
Minority Interest			**202.97**	65.06
Loan Funds				
Secured Loans	3	**5,076.38**		2,865.78
Unsecured Loans	4	**1,273.37**		1,190.48
			6,349.75	4,056.26
Deferred Tax Liability			**83.85**	48.61
Total			**9,520.38**	6,283.44
II. Application of Funds :				
Fixed Assets	5			
Gross Block		**6,866.80**		5,295.13
Less: Depreciation		**1,109.77**		1,059.83
Net Block		**5,757.03**		4,235.30
Capital Work in Progress		**930.61**		154.80
			6,687.64	4,390.10
Investments	6		**693.90**	0.12
Current Assets, Loans & Advances	7			
Inventories		**1,967.43**		956.44
Sundry Debtors		**152.87**		49.86
Cash & Bank Balances		**525.77**		127.27
Loans & Advances		**1,435.10**		1,859.39
		4,081.17		2,992.96
Less : Current Liabilities & Provisions	8			
Current Liabilities		**1,749.18**		902.70
Provisions		**193.15**		197.04
		1,942.33		1,099.74
Net Current Assets			**2,138.84**	1,893.22
Total			**9,520.38**	6,283.44
Significant Accounting Policies and Notes	16			

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Consolidated Profit & Loss Account for the year ended September 30, 2010

	Schedule	Rs. Crore	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Income :				
Gross Sales /Income from Operations	9		**3,304.80**	2,115.29
Less: Excise Duty			**103.37**	89.34
Net Sales /Income from Operations			**3,201.43**	2,025.95
Other Income	10		**139.25**	307.57
			3,340.68	2,333.52
Expenditure :				
Raw Materials Consumed	11		**3,219.08**	1,073.46
Manpower Cost	12		**183.89**	165.33
Other Expenses	13		**387.16**	218.44
Interest & Finance Charges (Net)	14		**368.12**	278.13
Depreciation & Amortisation			**344.03**	345.66
(Increase) / Decrease in Stocks	15		**(998.67)**	147.35
			3,503.61	2,228.37
Profit/ (Loss) for the year before Exceptional Items & Taxation			**(162.93)**	105.15
Exceptional Items :				
Surplus on cessation of subsidiary			**(194.93)**	-
Profit for the year before Taxation			**32.00**	105.15
Less: Provision for Taxation:				
Current Tax		**16.60**		33.18
Deferred Tax		**(9.40)**		44.68
Wealth Tax		**0.11**		0.10
Fringe Benefit Tax		**-**		0.78
		7.31		78.74
Less: MAT credit entitlement		**16.52**		33.13
			(9.21)	45.61
Profit for the year			**41.21**	59.54
Less: Minority / Interest			**(2.85)**	(2.24)
Income attributed to consolidated group			**44.06**	61.78
Add: Balance Brought Forward		**(176.10)**		(154.08)
Excess / (Short) provision for tax		**(0.03)**		(1.62)
Dividend paid of earlier year		**(1.02)**		-
Corporate Dividend Tax on Dividend paid		**(0.17)**		-
Debenture Redemption Reserve (No longer required)		**75.00**		-
			(102.32)	(155.70)
			(58.26)	(93.92)
Transfers to :				
Reserve for Molasses Storage Tanks			**0.35**	0.20
General Reserve			**10.03**	40.00
Debenture Redemption Reserve			**-**	27.50
Proposed Dividend			**13.40**	12.38
Corporate Dividend Tax on Proposed Dividend			**2.22**	2.10
Balance carried to Balance Sheet			**(84.26)**	(176.10)
Basic Earning per Share:				
Net Profit			**44.03**	60.16
Weighted Average No. of Shares*			**206,133,823**	150,148,207
Basic Earning per Share in Rupees (Face Value Re. 1/- each)			**2.14**	4.01
Diluted Earning per Share:				
Net Profit			**44.03**	60.16
Weighted Average No. of Shares*			**206,133,823**	164,648,207
Diluted Earning per Share in Rupees (Face Value Re. 1/- each)			**2.14**	3.65
* Including Equity Shares to be issued on amalgamation.				
Significant Accounting Policies and Notes	16			

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Consolidated Cash Flow Statement for the year ended September 30, 2010

	2009-2010 Rs. Crore	2008-2009 Rs. Crore
A. Cash Flow from operating activities :		
Net Profit / (Loss) before Exceptional items and Taxation	**(162.93)**	105.15
Adjustment for:		
Depreciation & Amortisation	**344.03**	345.66
(Gain) / Loss due to Foreign Exchange Fluctuation	**(14.00)**	-
Provision for Foreign Exchange Gain written back	**-**	(121.12)
Loss/ (Surplus) on sale of Fixed Assets (Net)	**(0.25)**	1.27
Interest and Finance Charges	**448.13**	358.74
Dividend Received	**(3.71)**	(0.47)
Profit on sale of investment	**(16.62)**	-
Interest Received	**(80.01)**	(80.61)
Employee's Compensation Expenses (ESOP cost)	**(0.88)**	-
	676.69	503.47
Operating Profit before working capital changes	**513.76**	608.62
Adjustment for:		
Trade and other receivables	**(34.10)**	(225.80)
Inventories	**(1,595.53)**	(164.07)
Trade payables	**396.21**	(30.95)
Cash generated from operations	**(719.66)**	187.80
Direct taxes paid	**(39.63)**	(14.22)
Net Cash from/ (used in) operating activities	**(759.29)**	173.58
B. Cash Flow from investing activities :		
Purchase of Fixed Assets	**(1,011.80)**	(166.00)
Sale of Fixed Assets	**2.78**	5.60
Purchase of Investments	**(4,571.29)**	(589.28)
Sale of Investments	**4,587.84**	589.23
Loans and Advances	**(61.40)**	(46.07)
Dividend Received	**3.71**	0.47
Interest Received	**80.01**	80.61
Exchange Fluctuation Reserve on consolidation	**(0.53)**	0.62
Net Cash (used in) investing activities	**(970.68)**	(124.82)
C. Cash Flow from financing activities :		
Proceeds from borrowings (Net of repayments)	**2,302.68**	(427.67)
Issue of Convertible Warrants	**-**	18.90
Issue of Equity Shares & Premium thereon		
On issue of QIP	**-**	723.18
On conversion of Equity Warrants	**56.70**	-
Minority interest	**211.88**	-
Issue expenses (QIP)	**-**	(19.87)
Interest paid	**(427.21)**	(380.23)
Dividend paid (including tax thereon)	**(15.58)**	(9.83)
Net Cash from/(used in) financing activities	**2,128.47**	(95.52)
Net increase/(decrease) in cash and cash equivalents	**398.50**	(46.76)
Cash and Cash equivalents as at Oct. 01 (Opening Balance)		
Earmarked for specific purposes	**35.98**	2.92
Other Balances	**91.29**	171.11
	127.27	174.03
Cash and Cash equivalents as at September 30 (Closing Balance)		
Earmarked for specific purposes	**14.51**	35.98
Other Balances	**511.26**	91.29
	525.77	127.27

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Mumbai, December 20, 2010

Shishir Bajaj
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D. K. Shukla
Directors

Schedules Forming Part of Consolidated Accounts

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at September 30, 2010 and Profit and Loss Account for the year ended on that date.

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Schedule 1 - Capital		
Authorised :		
800,000,000 (300,000,000) Equity Shares of Re. 1/- each	**80.00**	30.00
Nil (500,000,000) Unclassified Shares of Re. 1/- each	**-**	50.00
	80.00	80.00
Issued, Subscribed & Paid up:		
191,357,111 (176,857,111) Equity Shares of Re. 1/- each	**19.14**	17.69
(Refer Note 10)	**19.14**	17.69
Of the above shares 53,100,000 (53,100,000) Equity Shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves.		

Schedule 2 - Reserves and Surplus

	As at Oct. 01, 2009	**Additions**	**Deductions**		
Capital Redemption Reserve	0.06	-	0.01	**0.05**	0.06
Capital Reserve	-	8.91	-	**8.91**	-
Contingency Reserve	10.00	-	10.00	**-**	10.00
Securities Premium	1,637.52	812.61	-	**2,450.13**	1,637.52
Exchange Fluctuation Reserve on consolidation of overseas subsidiaries	1.31	-	0.53	**0.78**	1.31
General Reserve	443.24	20.03	63.27	**400.00**	443.24
Debenture Redemption Reserve	141.25	-	75.00	**66.25**	141.25
Reserve for Molasses Storage Tanks	3.46	0.35	-	**3.81**	3.46
Balance as per Profit & Loss Account	(176.10)	91.84	-	**(84.26)**	(176.10)
	2,060.74	933.74	148.81	**2,845.67**	2,060.74

1. Deduction to Capital Redemption Reserve represents Rs.0.01 Crore on cessation of a subsidiary (BHSIL) during the year.
2. Addition to Capital Reserve includes Rs.8.91 Crore being excess of Company's portion of equity of the Subsidiary (Bajaj Energy Pvt. Ltd.) over the cost of investment therein.
3. Deduction to Contingency Reserve represents Rs.10.00 Crore transferred to General Reserve.
4. Additions to Securities Premium represent (i) Rs. 722.05 Crore is credited to Securities Premium Account in accordance with the Scheme being the aggregate of excess of the fair value of net assets over the paid up value of Equity Shares to be issued and allotted; net effect on fair valuation of assets and liabilities of the Company identified by the Board of Directors of the Company reduced by the cost of stamp duty and other expenditure payable on amalgamation (Refer Note 3) (ii) Rs.74.15 Crore Premium received on issue of equity shares to Promoters Group of the company (Refer Note 10) (iii) Rs. 10.43 Crore being change in Provision for Premium on redemption of FCCBs due to fluctuation in foreign currency rate and (iv) Rs. 5.98 Crore on cessation of subsidiary (BHSIL) during the year.
5. Additions to General Reserve include (i) Rs.10.00 Crore being Contingency reserve no longer required. Deductions represents Rs.63.27 Crore on cessation of a Subsidiary (BHSIL) during the year.

Schedule 3 - Secured Loans

Debentures		
15 - 11% Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each series 30 of 2007-08 (redeemable at par on June 19, 2011)	**15.00**	15.00
Loans & Advances from Banks	**4,497.66**	2,232.33
Other Loans & Advances	**563.72**	618.45
	5,076.38	2,865.78

Notes :

1. Non Convertible Debentures amounting to Rs.15.00 Crore (Series 30 of 2007-08) is secured by way of first pari passu charge on certain fixed assets of the Company.
2. Working Capital / Short Term Loans facilities from Banks are secured, on first pari passu charge basis, by hypothecation of certain inventories, book debts, other receivables and current assets and further secured / to be secured, on a third pari passu charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on certain immovable fixed assets and properties of the Company. Documentation for mortgage in respect of certain loans is under finalisation.

3. Term Loans from Banks (except ECB of Yen 919.12 Crore and Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" for Rs.165.92 Crore) are secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties and further secured (except in case Bajaj Eco-tec Products Ltd.), on second pari passu charge basis, by hypothecation of certain present and future current assets of the Company including inventories, book debts and other receivables. Documentation for mortgage in respect of certain term loans /certain properties is under finalisation. Short Term Loan from Banks in case of Bajaj Energy Pvt. Ltd. is secured by way of a first ranking pari passu charge among all Short Term Loan providers, on the entire assets of the company created out of the bridge loan upto the intervening period till the bridge loan is re-paid or adjusted against the regular term loan to be disbursed to the Company. Further, collaterally secured by Corporate Guarantee issued by M/s Bajaj Hindusthan Limited, the holding company.
4. The ECB Loan of Yen 919.12 Crore is secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties. Documentation for mortgage in respect of certain properties is under finalisation.
5. Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" amounting to Rs.165.92 Crore included in Loans and Advances from Banks, are secured / to be secured on pari passu residual charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on the Sugar Undertakings of the Company. Documentation for mortgage in respect of certain loans/certain properties is under finalisation.
6. Term loans (ECB) in foreign currency from IFC of Rs.436.06 Crore related with amalgamating company included in Other Loans & Advances is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with all buildings and structures thereon and all plant and machinery attached thereto at its factories at Pratappur, Rudauli, Kundarkhi and Utraula in Uttar Pradesh. Also further secured, on a second pari passu charge basis, by hypothecation of all current assets (present and future) related to the factories at aforesaid four locations.
7. The Sugar Development Fund loan from Government of India amounting to Rs.127.66 Crore (inclusive of Rs.28.36 Crore Short Term Cane Development Loan) shown under Other Loans and Advances is secured/to be secured, on exclusive second charge basis, by hypothecation of the whole of movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the concerned sugar unit of the Company. The Company has also created security in favour of Government of India for certain other SDF loans aggregating to Rs.3.64 Crore, that are yet to be disbursed to the Company, on exclusive second charge basis, by hypothecation of the entire movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the respective sugar units for which the said SDF loans have been sanctioned.
8. Secured Loans covered in serial number 1 to 7 herein above include an amount of Rs. 591.91 Crore pertaining to erstwhile BHSIL ("the Transferor Company"), which is secured by respective nature of charges, encumbrances or liens created at any time prior to the Effective Date of amalgamation, over the assets and properties or any part thereof transferred to BHL ("the Transferee Company") in terms of the Scheme of Amalgamation, shall continue to relate or attach to such assets and properties or any part thereof of the Transferor Company only. Further existing securities, encumbrances or liens over the assets and properties of the Transferee Company or any part thereof shall continue to relate or attach to the assets and properties of the Transferee Company only.

Schedule 4 - Unsecured Loans

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Short Term Debentures	**250.00**	550.00
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)*	**522.80**	550.40
Short Term Loan from Banks	**500.01**	90.00
Fixed Deposits	**0.08**	0.08
Loan from Others	**0.48**	-
	1,273.37	1,190.48

* FCCBs of Rs.455.42 Crore issued by the Company in the financial year 2005-2006 can be converted at the option of the bond holder into one equity share at Rs.465.40 per equity share, at a pre determined exchange rate of US$ 1=Rs.44.08 at any time upto 02.02.2011. FCCBs of Rs.67.38 Crore issued by amalgamating company in the financial year 2006-07 can be converted at the option of the bond holder into one equity share at Rs.250 per equity share, at a pre determined exchange rate of US$ 1=Rs.42.42 at any time upto 26.04.2014.

Schedule 5 - Fixed Assets

Rs. Crore

	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at Oct. 1, 2009	Additions	Deductions & Adjustments	**As at Sept. 30, 2010**	As at Oct. 1, 2009	For the year	Deductions & Adjustments	**Upto Sept. 30, 2010**	**As at Sept. 30, 2010**	As at Sept. 30, 2009
1.	Goodwill on consolidation	104.98	-	104.98	**-**	72.01	16.48	88.49	**-**	**-**	32.97
2.	Freehold Land	126.82	366.37	48.97	**444.22**	-	-	-	**-**	**444.22**	126.82
3.	Leasehold Land	-	0.44	(0.36)	**0.80**	-	0.15	0.02	**0.13**	**0.67**	-
4.	Buildings	930.20	400.57	193.83	**1,136.94**	154.45	61.45	26.91	**188.99**	**947.95**	775.75
5.	Plant & Machinery	4,019.10	2,210.25	1,195.22	**5,034.13**	773.59	252.71	171.31	**854.99**	**4,179.14**	3,245.51
6.	Furniture, Fixtures & Office Equipments	51.19	4.85	6.42	**49.62**	33.26	4.22	4.33	**33.15**	**16.47**	17.93
7.	Vehicles	22.62	124.64	4.59	**142.67**	14.60	5.77	3.12	**17.25**	**125.42**	8.02
8.	Leased Assets:										
	Distillery Division:										
	- Land	1.89	6.59	-	**8.48**	-	-	-	**-**	**8.48**	1.89
	- Buildings	9.27	2.24	-	**11.51**	1.35	0.80	-	**2.15**	**9.36**	7.92
	- Plant & Machinery	25.94	9.10	-	**35.04**	9.01	1.89	-	**10.90**	**24.14**	16.93
	- Furniture, Fixtures & Office Equipments	0.08	-	-	**0.08**	0.07	-	-	**0.07**	**0.01**	0.01
9.	Intangible Assets - Computer Software	3.04	0.27	-	**3.31**	1.49	0.65	-	**2.14**	**1.17**	1.55
	Total	5,295.13	3,125.32	1,553.65	**6,866.80**	1,059.83	344.12	294.18	**1,109.77**	**5,757.03**	4,235.30
	Previous Year Total	4,745.22	561.73	11.82	5,295.13	719.12	345.66	4.95	1,059.83	4,235.30	4,026.10
10.	Capital Work in Progress	154.80	1,563.71	787.90	**930.61**	-	-	-	-	**930.61**	154.80
	G. Total	5,449.93	4,689.03	2,341.55	**7,797.41**	1,059.83	344.12	294.18	**1,109.77**	**6,687.64**	4,390.10
	Previous Year G. Total	4,903.97	1,095.51	549.55	5,449.93	719.12	345.66	4.95	1,059.83	4,390.10	

Note : (i) Building includes an amount of Rs. 500/- being value of 10 shares of Rs. 50/- each in a co-operative society.

(ii) The assets of Distillery Division in Bajaj Hindusthan Limited at Palia Kalan were leased w.e.f. May 30, 2006.

(iii) Deductions & Adjustments include Rs. 7.20 Crore towards Exchange fluctuation gain on foreign currency loans as per the Notification dated 31.03.2009 issued by the Ministry of Corporate Affairs.

(iv) Deductions & Adjustments include Rs.2.40 Crore received on account of capital subsidy from Ministry of New and Renewal Energy (U & I Group) Government of India.

(v) As per Scheme of Amalgamation and based on the reports of independent valuer, Company has fair valued its certain fixed assets as at April 01, 2010 resulting into additions to gross block aggregating to Rs. 1,406.63 Crore (included in additions column - Land Rs.283.93 Crore, Building Rs.137.42 Crore and Plant and Machinery Rs.985.28 Crore). The additonal depreciation on account of fair valuation of fixed assets aggregating to Rs.31.00 Crore has been debited to the Profit & Loss account. (Refer Note 3)

(vi) Additions include Rs.1,478.45 Crore on account of amalgamation of Bajaj Hindusthan Sugar and Industries Ltd. w.e.f. April 01, 2010 as per Scheme of Amalgamation. (Refer Note 3)

(vii) The deduction to gross block and accumulated depreciation include Rs.1,495.35 Crore and Rs. 206.59 Crore respectively on account of cessation of subsidiary (BHSIL) which has been merged with the Company w.e.f. April 01, 2010.

(viii) Particulars of Capital Work in Progress :

Particulars	As at Oct. 1, 2009	Additions	Deductions & Adjustments	**As at Sept. 30, 2010**
Advance to Suppliers / Contractors	17.78	1,229.35	628.96	**618.17**
Plant & Machinery / Civil work in progress	136.26	299.34	158.94	**276.66**
Preoperative Project Expenses:				
Manpower Cost	-	2.47	-	**2.47**
Power and Fuel	-	0.17	-	**0.17**
Rent	-	0.16	-	**0.16**
Rates and Taxes	-	0.74	-	**0.74**
Insurance	-	7.28	-	**7.28**
Miscellaneous Expenses	0.76	6.55	-	**7.31**
Interest	-	10.99	-	**10.99**
Finance Charges	-	6.57	-	**6.57**
Depreciation	-	0.09	-	**0.09**
Sub Total Preoperative Project Expenses	0.76	35.02	**-**	**35.78**
Total	154.80	1,563.71	787.90	**930.61**

Depreciation debited to the Profit & Loss Account	**344.03**
Depreciation debited to Capital work-in-progress	**0.09**
Total Depreciation for the year	**344.12**

Schedule 6 - Investments

		As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
(I)	**Long Term Investments (At Cost) :**		
A.	Other than Trade		
	Quoted, Fully Paid Equity Shares :		
	- Nil (48,000) Shares of Bajaj Holding & Investment Ltd. (BHIL) of Rs.10/- each (formerly known as Bajaj Auto Ltd.)	**-**	0.02
	- Nil (48,000) Shares of Bajaj Auto Ltd. (BAL) of Rs. 10/- each	**-**	0.01
	- Nil (48,000) Shares of Bajaj Finserv Ltd. (BFSL) of Rs. 5/- each	**-**	0.01
	- 9,750 (9,750) Shares of Mukand Ltd. of Rs.10/- each	**0.03**	0.03
	Quoted, Fully Paid Preference Shares :		
	- 2,437 (2,437) 0.01% Cumulative Redeemable Preference Shares of Mukand Ltd. of Rs. 10/- each.- Rs.24,370/- (previous year Rs. 24,370/-)	**0.00**	0.00
	Interest in a Beneficiary Trust (Refer Note 3)	**693.72**	-
B.	Trade		
	In Others:*		
	Unquoted Fully Paid Equity Shares :		
	- 1,148,400 (1,148,400) Shares of Bajaj Ebiz Pvt. Ltd. of Rs.10/- each	**1.15**	1.15
	- 5,000 (5,000) Shares of Esugarindia Clearing Corporation Ltd. of Rs.10/- each	**0.01**	0.01
(II)	**Current Investments (At lower of cost or fair value) :**		
	Investment in Mutual Funds - Non trade Unquoted		
	4,316.172 (4,316.172) Nos. Unit of Franklin India Prima Plus - Growth Plan of Rs. 100/- each	**0.05**	0.05
	94,802.660 (-) Nos. Unit of Punjab National Bank, Principal Monthly Income Plan-Dividend Reinvestment Monthly of Rs.10/- each	**0.10**	-
		695.06	1.28
	*Less: Provision for diminution in value of investments	**1.16**	1.16
		693.90	0.12

	Book Value as at		Market Value as at	
	Sept. 30, 2010	Sept. 30, 2009	**Sept. 30, 2010**	Sept. 30, 2009
Quoted Investments	**0.03**	0.07	**0.07**	11.04
Unquoted Investments	**693.87**	0.05	**-**	-
	693.90	0.12	**0.07**	11.04

Schedule 7 - Current Assets, Loans & Advances

		Rs. Crore	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Current Assets :				
(a)	Inventories (At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the Management)			
	(i) Stores, Spare Parts and Packing Materials		**84.98**	80.97
	(ii) Raw Material		**596.24**	321.97
	(iii) Finished Stock		**1,232.72**	488.46
	(iv) Materials-in-Process		**8.89**	10.43
	(v) By-Products		**44.60**	54.61
			1,967.43	956.44
(b)	Sundry Debtors (Unsecured, considered good unless otherwise stated) Debts outstanding for a period exceeding six months			
	Good		**56.96**	2.02
	Doubtful	**0.43**		0.43
	Less : Provision	**(0.43)**		(0.43)
			-	-
	Other Debts		**95.91**	47.84
			152.87	49.86
(c)	Cash and Bank Balances			
	Cash on hand (including cheques & drafts Rs. 29.72 Crore, previous year Rs. 20.34 Crore)		**31.33**	22.40
	Balance with Scheduled Banks :			
	(i) In Current Accounts		**136.98**	68.71
	(ii) In Fixed Deposits (Including interest accrued Rs. 3.08 Crore, previous year Rs.0.61 Crore)		**357.35**	35.98
	(FDRs of Rs.14.51 Crore (Previous year Rs. 35.98 Crore) earmarked for specific purposes)			
	Balance with Non-Scheduled Banks - In Current Accounts		**0.11**	0.18
			525.77	127.27
	c/f		**2,646.07**	1,133.57

	As at Sept. 30, 2010 Rs. Crore	Maximum balance during the year Rs. Crore
District Cooperative Bank Limited	**0.11**	**9.37**
	(0.18)	(7.60)

	Rs. Crore	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Schedule 7 - Current Assets, Loans & Advances (Contd.)			
b/f		**2,646.07**	1,133.57
Loans and Advances :			
(d) Loans and Advances (Unsecured, Considered good unless otherwise stated)			
Other Companies		**616.31**	554.91
Other Company - Doubtful	**2.29**		2.29
Less: Provision	**(2.29)**		(2.29)
		-	-
Advances recoverable in cash or in kind or for value to be received		**436.68**	963.98
Deposits #		**12.95**	12.92
Balance with Excise Department including Cenvat credits		**215.48**	213.31
MAT credit entitlement		**81.31**	64.79
Tax paid in advance (net of Provisions)		**72.37**	49.48
		1,435.10	1,859.39
		4,081.17	2,992.96

Includes National Savings Certificate of the face value of Rs. 0.08 Crore (Previous year Rs.0.07 Crore) and Pass books of Post Office Saving Bank Account having an aggregate balance of Rs.0.01 Crore (Previous year Rs.0.01 Crore) pledged with Government Authorities.

Schedule 8 - Current Liabilities and Provisions

A.	**Current Liabilities :**		
	Sundry Creditors	**1,699.00**	873.28
	Interest Accrued but not due	**42.61**	21.69
	Deposits from Stockists and others	**7.08**	7.33
	Investor Education & Protection Fund shall be credited by the following :		
	(Amounts to be transferred to said fund shall be determined on the respective due dates)		
	Unclaimed Dividend	**0.49**	0.40
		1,749.18	902.70
B.	**Provisions :**		
	For Employee Benefits	**13.98**	15.96
	For premium on redemption of FCCBs	**163.55**	166.60
	Proposed Dividend	**13.40**	12.38
	Corporate Dividend Tax	**2.22**	2.10
		193.15	197.04
		1,942.33	1,099.74

	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Schedule 9 - Gross Sales/Income from Operations		
Sales :		
Manufactured Goods	**3,233.69**	2,059.56
By Products	**28.23**	41.60
Power	**41.14**	13.01
Export Incentives	**-**	0.13
Services :		
Air Transport	**1.74**	0.99
	3,304.80	2,115.29
Schedule 10 - Other Income		
Dividend on Long Term Investments	**0.01**	0.16
Dividend on Current Investments	**3.70**	0.31
Surplus on Sale of Assets	**0.36**	0.35
Lease Rent	**7.05**	1.92
Gain due to Foreign Exchange Fluctuation (Net)	**47.98**	95.26
Scrap / Stores sales	**6.58**	12.27
Profit on sale of Long Term Investment	**16.62**	-
Extinguishment of liability on buyback of FCCBs	**-**	33.71
Provisions no longer required / Credit balances appropriated	**32.19**	152.23
Miscellaneous Receipts	**24.76**	11.36
	139.25	307.57
Schedule 11 - Raw Materials Consumed		
Opening Stock	**321.97**	12.95
Purchases *	**3,610.65**	1,382.48
	3,932.62	1,395.43
Less: Stock on cessation of subsidiary	**117.30**	-
Less: Closing Stock	**596.24**	321.97
	3,219.08	1,073.46
* Includes Rs. 88.48 Crore on account of amalgamation.		
Schedule 12 - Manpower Cost		
Salaries & Wages	**160.56**	145.15
Contribution to Provident, Superannuation and Pension funds	**10.10**	8.45
Contribution to other funds	**6.33**	3.25
Employee's Welfare Expenses	**7.78**	8.48
Employees' Compensation Expenses (ESOP Cost)	**(0.88)**	-
	183.89	165.33

	Rs. Crore	2009-2010 Rs. Crore	2008-2009 Rs. Crore
Schedule 13 - Other Expenses			
Stores, Spares and Packing Materials consumed		**96.50**	51.15
Power and Fuel		**52.26**	29.24
Rent		**6.10**	3.87
Rates and Taxes		**1.12**	1.04
Repairs :			
Building	**3.21**		2.28
Machinery	**36.76**		24.10
Others	**4.89**		3.87
		44.86	30.25
Payment to Auditors for:			
Audit fees	**0.31**		0.25
Tax Audit fees	**0.05**		0.03
Certification work	**0.13**		0.12
Out of pocket expenses	**0.04**		0.02
		0.53	0.42
Payment to Cost Auditor (Cost Audit Fees)		**0.03**	0.02
Insurance		**8.94**	7.92
Selling Commission		**7.16**	4.54
Selling & Distribution expenses		**31.72**	35.01
Director's fees		**0.11**	0.09
Donations (Previous year Rs. 39,547/-)		**0.04**	0.00
Miscellaneous Expenses		**137.68**	52.89
Bad debts written off		**-**	0.37
Loss on Assets Sold / Discarded		**0.11**	1.63
		387.16	218.44
Schedule 14 - Interest and Finance Charges (Net)			
Interest :			
On Term Loans		**31.66**	70.57
On Debentures		**28.52**	53.35
On Working Capital Loans		**95.70**	85.72
On Others		**228.70**	134.63
		384.58	344.27
Less : Interest Income Gross			
On Loans		**69.87**	67.10
On Others		**10.14**	13.51
		80.01	80.61
		304.57	263.66
Add : Finance charges		**63.55**	14.47
		368.12	278.13
Schedule 15 - (Increase)/Decrease in Stocks			
Opening Stock:			
Finished Goods	**488.46**		693.73
Materials in process	**10.43**		9.77
By-product	**54.61**		12.47
		553.50	715.97
Add : Stock on amalgamation (Refer Note 3) :			
Finished Goods	**56.34**		-
Materials in process	**0.02**		-
By-product	**24.54**		-
		80.90	-
Less : Stock on cessation of subsidiary :			
Finished Goods	**341.21**		-
Materials in process	**0.02**		-
By-product	**24.54**		-
		365.77	-
Less : Closing Stock :			
Finished Goods	**1,232.72**		488.46
Materials in process	**8.89**		10.43
By-product	**44.60**		54.61
		1,286.21	553.50
		(1,017.58)	162.47
Add/(Less): Excise Duty on Increase/Decrease in stocks		**18.91**	(15.12)
		(998.67)	147.35

Schedule 16 - Statement on Significant Accounting Policies and Notes forming part of the Consolidated Accounts for the year ended September 30, 2010 :

1. System of Accounting:
   (i) The financial statements of Bajaj Hindusthan Ltd. ('the Company'), its Subsidiary Companies and Associate (the Group) have been prepared in compliance with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.
   (ii) The financial statements are based on historical cost convention and are prepared on accrual basis except certain fixed assets which are valued at fair value.
2. Principles of Consolidation:
   (i) The consolidated financial statements of the Group have been prepared on the following basis:
   - The consolidated financial statements of the Group are prepared in accordance with the Accounting Standard - 21 "Consolidated Financial Statements" and Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
   - The financial statements of the Company and its Subsidiary Companies have been consolidated on a line - by - line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra - group transactions resulting in unrealised profits or unrealised cash losses.
   - Investment in the Associate has been accounted as per the equity method as prescribed in Accounting Standard - 23.
   - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
   - The excess of cost of investment in the Subsidiary Companies over the Company's portion of equity of the Subsidiary at the date of investment made is recognised in the financial statements as goodwill, which is written off over a period of five years. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as capital reserve.
   - The financial statements of non-integral foreign operation are translated as follows:
     - The assets and liabilities are translated at the closing rate.
     - Income and Expenses items are translated at average rate prevailing during the year.

     All differences are accumulated in a foreign currency translation reserve on consolidation until the disposal of the net investment.

(ii) Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	**Holding as on Sept. 30, 2010**	Financial Year ends on
Subsidiary :			
Bajaj Hindusthan Sugar and Industries Ltd. (Up to March 31, 2010) (Refer Note 3)	India	75.00%	-
Bajaj Eco-Tec Products Ltd. #	India	100.00%	31.03.2010
Bajaj Aviation Private Ltd. $ (Formerly known as Bajaj Hindusthan Holdings Private Ltd.)	India	100.00%	30.09.2010
Bajaj Energy Private Ltd. (Formerly known as Bajaj Eco-Chem Products Private Ltd.) #	India	51.00%	31.03.2010
Bajaj Internacional Participações Ltda. #	Brazil	100.00%	30.04.2010
Bajaj Hindusthan (Singapore) Pte Ltd. #	Singapore	100.00%	31.03.2010
Associate :			
Bajaj Ebiz Pvt. Ltd. *	India	49.50%	31.03.2010

\# Management has compiled the accounts as at September 30, 2010 in order to consolidate the accounts with that of the Holding Company.
$ It is a 100% subsidiary of wholly owned subsidiary namely Bajaj Eco-Tec Products Ltd.
* The company has made provision for permanent diminution in the value of its investment in Bajaj Ebiz Pvt. Ltd. (an associate company). Hence no further adjustment in the value of investment is required to be made in the consolidated financial statement.

(iii) Other significant accounting policies are set out in the respective notes to account under "Statement on Significant Accounting Policies" of the Financial Statements of the Company and Subsidiary Companies.

3. Pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956, the Hon'ble High Court of Bombay pronounced an Order on November 26, 2010, sanctioning the Scheme of Amalgamation of Bajaj Hindusthan Sugar and Industries Limited (BHSIL or Amalgamating Company), a subsidiary company with the company with effect from the appointed date 1st April, 2010. BHSIL is engaged in the business of manufacturing of sugar, alcohol and its allied products.

The Scheme became effective on December 20, 2010 upon filing the said Order with the Registrar of Companies, Maharashtra, Mumbai as required under Section 394 (3) of the Companies Act, 1956.

In accordance with the Scheme and as per the approval of the Hon'ble High Court of Bombay :

a) All the assets, liabilities, rights and obligations of BHSIL have been transferred to and vested with the Company with effect from 1st April, 2010 and have been recorded at their respective fair values, under the purchase method of accounting for amalgamation.

b) 37,000,000 Equity Shares of Re. 1/- each fully paid up are to be issued to the equity shareholders of the amalgamating Company whose names are registered in the register of members on record date and to the Trust created as per the terms of the Scheme by the Company against its investments in and advances to amalgamating company, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense".

c) Excess of the fair value of net assets taken over by the Company over the paid up value of Equity Shares to be issued and allotted of Rs. 875.63 Crore has been credited to Amalgamation Reserve Account except the Statutory Reserve which has been credited to the similar reserve of the company; Beneficial Interest in the Trust referred to in (b) above has been recorded at the book value of the underlying assets i.e. Rs. 693.72 Crore; net effect on fair valuation of assets and liabilities of the Company identified by the Board as prescribed by the Scheme to be fair valued based on the reports by an independent valuer/ management estimates of Rs. 144.88 Crore has been debited to Amalgamation Reserve Account; the balance in Amalgamation Reserve Account after netting off the cost of Rs. 8.70 Crore being the stamp duty and other expenditure payable on Amalgamation an amount of Rs. 722.05 Crore is credited to Securities Premium Account.The additional depreciation on account of fair valuation of fixed assets of the company aggregating to Rs.31.00 Crore has been debited to the Profit & Loss Account.

Had the Scheme not prescribed this accounting treatment, the aggregate amount of Rs. 1,406.63 Crore being the effect of fair valuation of fixed assets of the Company would have been credited to Revaluation Reserve and Rs. 1,560.21 Crore being expenses on amalgamation and fair valuation of current assets / liabilities would have been debited to Profit & Loss Account with a corresponding effect on the profit for the year.

d) From the effective date the authorised share capital will stand increased to Rs. 1,800,000,000 consisting of 1,800,000,000 Equity Shares of Re.1/- each without any further act or deed on the part of the Company, including payment of stamp duty and Registrar of Companies fees and the Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the Company.

e) BHSIL stands dissolved without being wound up from the Effective Date.

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
4. Contingent Liabilities not provided for :		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts :		
(i) Central Excise matters	**26.77**	32.64
(ii) Trade Tax matters	**2.53**	0.58
(iii) Income-tax matters (Previous year Rs. 17,074/-)	**-**	0.00
(iv) Other Claims	**29.83**	41.22
(b) A subsidiary has procured Imported as well as Indigenous Capital Goods under Export Promotion and Capital Goods Scheme (EPCG). The Export Obligation pending against such EPCG licenses	**28.12**	28.12
(c) The Income Tax assessment of the Company has been completed upto Assessment Year 2007-08. However, the Company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessment of the earlier years. These appeals have not resulted into any demand on account of carry forward losses.		
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,055.14**	46.64

6. Managerial Remuneration:
The Profit & Loss Account includes payments and provisions on account of remuneration to managerial personnel as under:

	Rs. Crore
1. Salary, etc.	**3.78**
	(3.26)
2. Commission	**-**
	(3.50)
3. Contribution to Provident Fund and Superannuation	**0.36**
	(0.60)
4. Other Perquisites	**1.55**
	(1.14)
Total	**5.69**
	(8.50)

7. The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS18) 'Related Party Disclosures' is stated herein below / set out in a separate statement annexed hereto.

a) Related parties and relationships for which disclosure is required under AS-18 :

A. Associates and Joint Ventures

Bajaj E-biz Private Ltd. – Associate

B. Directors and their relatives

Mr. Shishir Bajaj - Chairman & Managing Director (key management personnel)
Mrs. Minakshi Bajaj (Wife of Mr. Shishir Bajaj)
Mr. Kushagra Bajaj - Joint Managing Director (key management personnel) and also son of Mr. Shishir Bajaj.
Mr. Apoorva Bajaj (Son of Mr. Shishir Bajaj)
Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs) (key management personnel).

C. Key Management Personnel

Mr. Himanshu Shah, Managing Director, Bajaj Eco-Tec Products Ltd.
Mr. Chandresh Chhaya - Manager & Company Secretary, Bajaj Hindusthan Sugar and Industries Ltd. (Up to 31.03.2010)

D. Enterprises over which any person described in (B) or (C) above is able to exercise significant influence

1. Bajaj Capital Ventures Private Ltd.
2. Bajaj Holding & Investment Ltd.
3. Bajaj Infrastructure Development Company Ltd.
4. Shishir Bajaj Family Trust

b) Disclosure as required under AS-18 in respect of Related Party Transactions:

Rs. Crore

Transactions	Directors/ Key Management Personnel	Relatives of Directors/Key Management Personnel	Enterprises described in (D) above	Total
I. Transaction during the year				
Purchase of Capital Goods	**-**	**-**	**123.98**	**123.98**
	(-)	(-)	(-)	(-)
Rendering of Services	**-**	**-**	**-**	-
	(-)	(-)	(0.09)	(0.09)
Remuneration	**5.69**	**-**	**-**	**5.69**
	(8.50)	(0.10)	(-)	(8.60)
Dividend received	**-**	**-**	**-**	-
	(-)	(-)	(0.11)	(0.11)
Rent Paid	**-**	**-**	**0.72**	**0.72**
	(-)	(-)	(0.33)	(0.33)
Sitting fees paid - Rs.20,000/- (P.Y. Rs. 41,000/-)	**0.00**	**-**	**-**	**0.00**
	(0.00)	(-)	(-)	(0.00)
Equity Warrant Issued	**-**	**-**	**-**	**-**
	(18.90)	(-)	(-)	(18.90)
Equity Share Capital Issued (Including Premium)	**-**	**-**	**75.60**	**75.60**
	(-)	(-)	(-)	(-)
Investment Sold	**-**	**-**	**0.02**	**0.02**
	(-)	(-)	(-)	(-)
Advance given (Project)	**-**	**-**	**606.95**	**606.95**
	(-)	(-)	(-)	(-)
II. Amounts Outstanding at the Balance Sheet date				
Deposits given	**-**	**-**	**0.36**	**0.36**
	(-)	(-)	(0.36)	(0.36)
Advance given (Project)	**-**	**-**	**606.95**	**606.95**
	(-)	(-)	(-)	(-)

Notes :

1. Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.
3. Purchase of Capital Goods includes Rs.123.98 Crore (P.Y. Rs. NIL) from Bajaj Infrastructure Development Company Ltd.
4. Remuneration Includes Rs.2.06 Crore (P.Y. Rs.3.21 Crore) to Mr. Shishir Bajaj, Rs.1.49 Crore (P.Y.Rs. 2.84 Crore) to Mr. Kushagra Bajaj, Rs.0.74 Crore (P.Y. Rs.0.35 Crore) to Dr. Sanjeev Kumar and Rs.1.08 Crore (P.Y.Rs.0.83 Crore) to Mr. Himanshu Shah.
5. Equity Share capital issued (including Premium) Rs.75.60 Crore (P.Y. Rs. NIL) to Promoter group.
6. Rent Paid includes Rs.0.72 Crore (P.Y. Rs.0.33 Crore) to Bajaj Capital Ventures Pvt. Ltd.
7. Advances given (Project) of Rs. 606.95 Crore (P.Y. Rs. NIL) to Bajaj Infrastructure Development Company Ltd.

8. Deferred Taxation :

	As at Sept. 30, 2010 Rs. Crore	As at Sept. 30, 2009 Rs. Crore
Deferred Tax Liabilities :		
Depreciation	**517.59**	445.02
Total	**517.59**	445.02
Deferred Tax Assets :		
Provision for Employee Benefits	**4.46**	5.33
Expenses allowed on payment basis	**-**	0.37
Provision for doubtful debts / advances	**0.08**	0.08
Carry Forward loss and unabsorbed Depreciation	**429.20**	390.63
Total	**433.74**	396.41
Net Deferred Tax Liability / (Asset)	**83.85**	48.61

9. Segment Information:

The Company has identified its Business Segments as its Primary Reportable Segments comprising of Sugar, Distillery, Power and Bagasse Board Divisions.

Primary Segment Information :

Particulars	2009-2010 Rs. Crore	2008-2009 Rs. Crore
1. Segment Revenue		
a. Sugar	**2,990.81**	1,874.39
b. Distillery	**165.71**	122.63
c. Power	**175.45**	79.31
d. Bagasse Board	**142.73**	97.69
e. Others	**1.74**	0.99
Total	**3,476.44**	2,175.01
Less : Inter-segment Revenue	**275.01**	149.06
Net Sales / Income from Operations	**3,201.43**	2,025.95
2. Segment Results		
(Profit (+)/ Loss(-) before tax and interest)		
a. Sugar	**198.00**	134.98
b. Distillery	**22.76**	0.83
c. Power	**123.50**	38.53
d. Bagasse Board	**(32.80)**	(38.08)
e. Others	**(74.84)**	17.49
Total	**236.62**	153.75
Less: (i) Interest (Net)	**368.12**	278.13
(ii) Other Un-allocable Expenditure net off Un-allocable Income	**(163.50)**	(229.53)
Total Profit before Tax	**32.00**	105.15
3. Segment Assets:		
a. Sugar	**7,436.24**	5,110.55
b. Distillery	**582.46**	444.28
c. Power	**1,433.79**	340.44
d. Bagasse Board	**344.36**	390.22
e. Others	**36.32**	19.61
Total	**9,833.17**	6,305.10
Add: Unallocated Corporate Assets	**1,629.54**	1,078.08
Total Assets	**11,462.71**	7,383.18
4. Segment Liabilities:		
a. Sugar	**763.90**	421.65
b. Distillery	**16.15**	18.80
c. Power	**18.82**	11.26
d. Bagasse Board	**15.15**	20.21
e. Others	**0.27**	0.12
Total	**814.29**	472.04
Add: Unallocated Corporate Liabilities	**1,128.04**	627.70
Total Liabilities	**1,942.33**	1,099.74
5. Capital Expenditure:		
a. Sugar	**35.98**	389.37
b. Distillery	**8.45**	60.89
c. Power	**867.82**	43.42
d. Bagasse Board	**1.54**	50.28
e. Others	**-**	11.68
f. Unallocated	**120.83**	2.15
Total	**1,034.62**	557.79
6. Depreciation & Amortisation:		
a. Sugar	**253.92**	264.93
b. Distillery	**23.68**	23.78
c. Power	**26.42**	20.00
d. Bagasse Board	**32.99**	32.21
e. Others	**0.65**	0.49
f. Unallocated	**6.37**	4.25
Total	**344.03**	345.66
7. Non Cash Expenditure other than Depreciation & Amortisation:		
a. Sugar	**Nil**	Nil
b. Distillery	**Nil**	Nil
c. Power	**Nil**	Nil
d. Bagasse Board	**Nil**	Nil
e. Unallocated	**Nil**	Nil
Total	**-**	-

Other disclosures :

1. The Company caters mostly to Indian markets and as such there are no reportable geographical segments. All the assets are also located in India.
2. Segments have been identified in line with the Accounting Standard - 17 "Segment Reporting" taking into account the organisation structure as well as differing risks and returns.
3. The Segment Revenue, Results, Assets and Liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
4. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material.
5. Segment assets and liabilities represents assets and liabilities in respective segment.Tax related assets & other assets and liabilities that can not be allocated to segment on reasonable basis have been disclosed as unallocable.

10. The Company has allotted 14,500,000 new Equity Shares on January 4, 2010, upon receipt of the entire remaining sum of Rs.56.70 Crore representing 75% of the total value for such warrants and exercise of the rights by a promoter group entity of the Company on all the 14,500,000 warrants allotted earlier on May 18, 2009 on preferential basis carrying right to subscribe for and be allotted one (1) fully paid equity share of face value Re. 1 each per warrant, at a price of Rs. 52.14 per equity share in accordance with the SEBI Preferential Issue Guidelines. Subsequently, after the allotment of these new Equity Shares, the paid up Equity Share Capital and Securities Premium Account have increased by Rs. 1.45 Crore and Rs.74.15 Crore respectively.

11. Disclosures in respect of derivative instruments :

	As at Sept. 30, 2010		As at Sept. 30, 2009	
	Forward Contract USD Crore	**Option JPY/USD Crore**	Forward Contract USD Crore Crore	Option JPY/USD Crore
(i) Derivative instruments outstanding as at September 30, are as under:				
Loans taken (JPY/USD)	**-**	**943.26**	-	1,012.77
ECB-USD	**0.93**	**-**	0.90	-
FCCB-USD	**7.70**	**5.60**	-	-
Creditors-USD	**9.61**	**-**	1.41	-
(All the derivative instruments have been acquired for hedging purposes.)				
(ii) Foreign currency exposures that are not hedged as at September 30,	**USD/JPY Crore**		USD/JPY Crore	
Creditors-USD	**1.33**		4.70	
FCCB-USD	**1.50**		11.46	
ECB-USD	**19.14**		21.57	
ECB-JPY	**114.89**		114.89	
Buyers Credit-EURO	**-**		0.21	
Buyers Credit-USD	**-**		0.86	

12. Pursuant to approval under Section 212(8) of the Companies Act, 1956 (the Act) accorded by Government of India, Ministry of Corporate Affairs, vide its letter No. 47/652/2010-CL-III dated 29-07-2010, the Company has not attached with its Balance Sheet as at September 30, 2010, the documents specified in Section 212(1) of the Act in respect of its six subsidiaries, viz. (i) Bajaj Hindusthan Sugar and Industries Ltd., (ii) Bajaj Eco-Tec Products Ltd., (iii) Bajaj Aviation Pvt. Ltd., (iv) Bajaj Energy Pvt.Ltd.,(v) Bajaj Hindusthan (Singapore) Pvt. Ltd.,and (vi) Bajaj Internacional Participações Ltda.,with the accounts. As per the approval, the requisite information in respect of each of the above subsidiaries is disclosed in the statement annexed to this schedule (Annexure A).

13. Previous year figures have been regrouped wherever necessary and have been shown in brackets. Figures pertaining to subsidiary companies have been regrouped / rearranged wherever required to bring them in line with Company's financial presentation.

Signatures to Schedules "1" to "16"

As per our attached report of even date

For and on behalf of
CHATURVEDI & SHAH
Firm Registration No.101720W
Chartered Accountants

Rajesh Chaturvedi
Partner
Membership No. 45882

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
R. V. Ruia
D. K. Shukla
Directors

Mumbai, December 20, 2010

Statement of Information of Subsidiary Companies

Annexure 'A' referred to in Note No.12 in Schedule 16 to the Consolidated accounts for the year ended September 30, 2010

Rs. Crore

Name of the Subsidiary Company	Bajaj Eco-Tec Products Ltd.	Bajaj Aviation Pvt. Ltd.	Bajaj Internacional Participações Ltda. **	Bajaj Hindusthan (Singapore) Pte. Ltd. ***	Bajaj Energy Pvt Ltd.(Formerly Bajaj Eco-Chem Products Pvt. Ltd.) #
Financial year ended	31.03.2010	30.09.2010	30.04.2010	31.03.2010	31.03.2010
Issued subscribed and paid up share capital	81.50	5.00	5.70	$ 0.00	0.81
Reserves	(21.11)	1.41	0.48	(0.12)	@ (0.00)
Total Assets	340.75	13.33	6.18	(0.12)	0.81
Total Liabilities	340.75	13.33	6.18	(0.12)	0.81
Details of Investments (except in case of investment in subsidiaries)	Nil	0.10	Nil	Nil	Nil
Turnover*	154.63	1.76	0.52	Nil	Nil
Profit before taxation	(50.57)	0.98	0.28	(0.03)	@ (0.00)
Provision for taxation	& 0.00	0.31	0.07	Nil	Nil
Profit after taxation	(50.57)	0.67	0.21	(0.03)	@ (0.00)
Proposed dividend	Nil	Nil	Nil	Nil	Nil

Notes :

* 1. Turnover is net of excise duty and includes other income.

** 2. The financial statements are translated at the exchange rate as on 30.09.2010 i.e. 1 BRL = Rs. 26.3984

*** 3. The financial statements are translated at the exchange rate as on 30.09.2010 i.e. 1 SGD = Rs. 34.1363

\# 4. The commercial activities of the Company has not commenced up to 31.03.2010.

$ 5. Bajaj Hindusthan (Singapore) Pte. Ltd.- Issued, subscribed and paid up share capital - Rs. 27,270/-.

@ 6. Bajaj Energy Pvt. Ltd. - Reserves, Profit before Taxation and Profit after Taxation - (Rs. 24,243/-)

& 7. Bajaj Eco-Tec Products Ltd. - Provision for Taxation - Rs.10,000/-.

Note

bajaj hindusthan ltd.

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