bajaj hindusthan ltd.

Eighty First Annual Report 2011-12

imagining a better planet

FICCI WATER AWARDS 2012

Supported by HSBC

Recognising Excellence In Water Management And Conservation

This is to certify that

Bajaj Hindusthan Limited

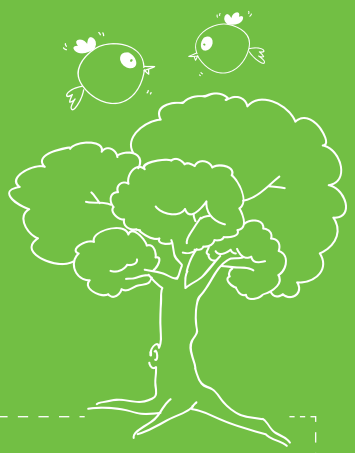
has been awarded the Third prize in the
Community Initiatives by Industry Category.

DR. ARBIND PRASAD
Director General
Federation of Indian Chambers
of Commerce & Industry

NAINA LAL KIDWAI
Senior Vice President, FICCI
Country Head HSBC India &
Director HSBC Asia Pacific

Mr. Haribhai Mori, Head-CSR, receiving FICCI Water Awards 2012 from Mr. Montek Singh Ahluwalia, Dy. Chairman, Planning Commission, GOI and Ms. Sheila Dikshit, Chief Minister, Delhi in the presence of Ms. Naina Lal Kidwai and Mr. Arvind Prasad.

The award recognises Bajaj Hindusthan Limited's water conservation and rainwater harvesting efforts in Wardha district of Maharashtra undertaken through Kamalnayan Jamnalal Bajaj Foundation (KBF). The integrated water resources development programme implemented ingenious methods to conserve water and revive water bodies. The programme resulted in greater water sufficiency and improved the economic conditions of the distressed farming community in the area.



With an aggregate sugarcane crushing capacity of 136,000 TCD (tonnes crushed per day) and an industrial alcohol/ethanol producing capacity of 800 KL (kilolitres) per day, Bajaj Hindusthan Limited (BHL) is India's largest sugar and ethanol manufacturing company.

Inspite of our large scale production, we have an unflinching commitment to being an environmentally conscious organisation. This entails recycling of waste material and following green practices. Bajaj Eco-Tec Products Limited (BEPL), our wholly owned subsidiary uses bagasse waste to churn out 210,000 cubic metres of MDF and Particle Boards every year reducing deforestation by 420,000 trees. At the same time, bagasse recycled in our sugar mills generates 443 MW of power.

Corporate social responsibility at BHL is an area of focussed attention and forms an integral part of our operations to achieve our mission of 'Development of natural and human resources and their efficient and judicious use'. Betterment of rural community has always been our special area of attention where we work tirelessly for women empowerment, economic upliftment of the underprivileged through special programmes and creating health and hygiene awareness. We have also collaborated with the State Government, International Fund for Agriculture Development (IFAD) and Sir Ratan Tata Trust (SRTT) to initiate Convergence of Agriculture Interventions in Maharashtra (CAIM) and National Bank for Agriculture and Rural Development (NABARD) for promotion of horticulture and watershed development project.

Looking at the success of our community developmental intervention in the farmer suicide prone zones of Wardha district (Vidarbha region), Sir Ratan Tata Trust is now partnering with us to replicate our water harvesting initiatives for larger geographical coverage.

BHL CORPORATE SOCIAL RESPONSIBILITY 2012

PROGRAMME AREA

- Wardha, Vidarbha Region, Maharashtra
  Coverage: 250 Villages
- Sikar, Rajasthan
  Coverage: 100 Villages

OUR PARTNERS

- Sir Ratan Tata Trust (SRTT)
- National Bank for Agriculture & Rural Development (NABARD)
- Govt. of Maharashtra
- International Fund for Agriculture Development (IFAD) for Convergence of Agriculture Interventions in Maharashtra (CAIM)
- Maharana Pratap University of Agriculture & Technology
- Local community

FOCUS

- Water resources development & management, revival of rivers/streams, check dams, farm ponds, percolation tanks, group wells, lift irrigation, land levelling etc.
- Agriculture development: wadi horticulture, promotion of drip & sprinkler irrigation, natural farming, kisan clubs
- Dairy development: promotion of indigenous cows
- Promotion of biogas plants
- Women's empowerment through promotion of self-help groups
- Agro-based livelihood promotion through income generation activities
- Capacity building through continuous training, awareness, exposure visits and demonstrations

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In an age of networking and collaboration, Sir Ratan Tata Trust (SRTT), NABARD and various Government agencies have partnered with us for strengthening and sustaining the agro-based livelihood through water resources development and management. Together with all the stakeholders, we aim to convert rainfed agriculture to irrigated agriculture thereby ensuring governance for water and sustained food security to create a more equitable society.

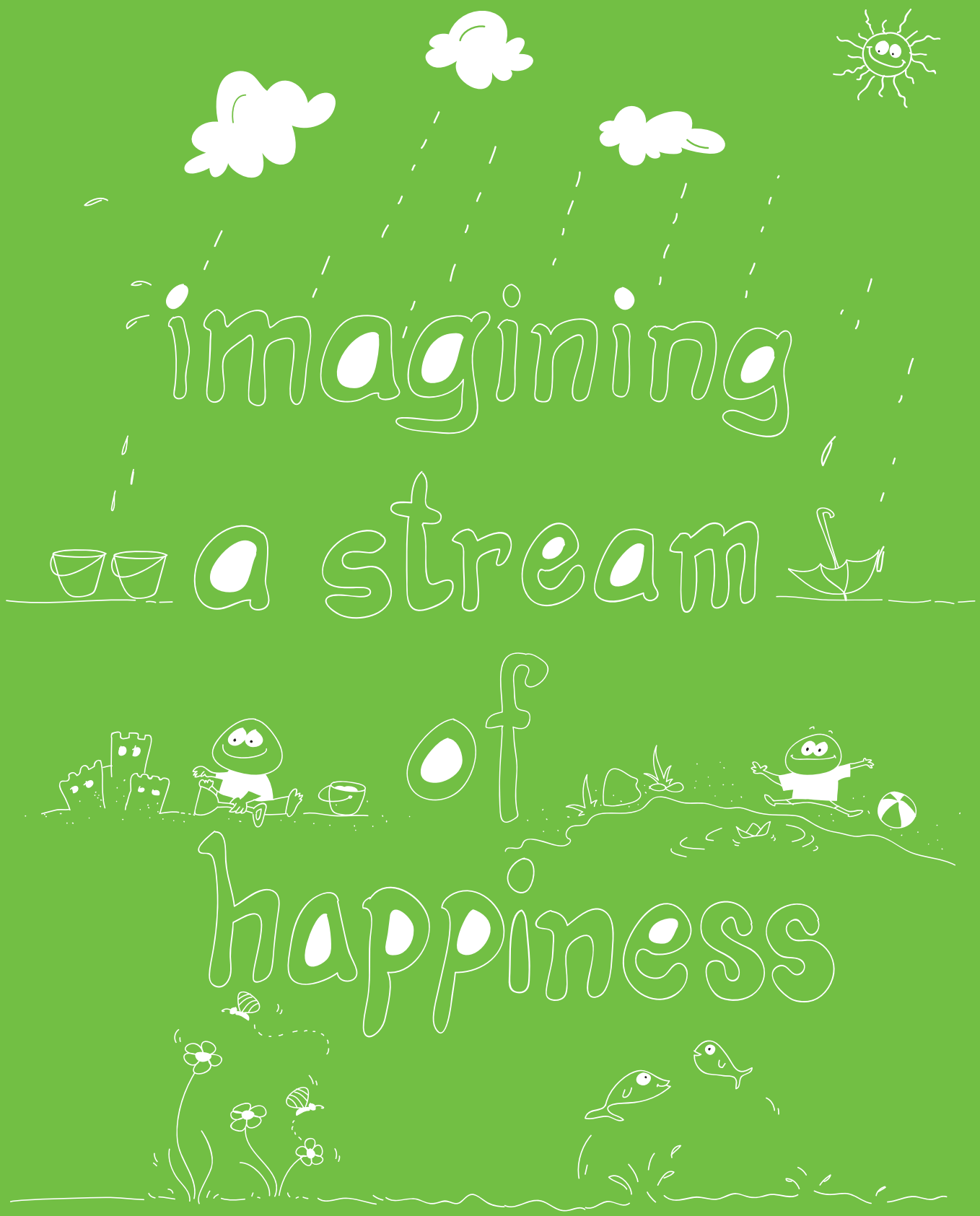
Programme planning, implementation and management by

KAMALNAYAN JAMNALAL BAJAJ FOUNDATION

&

JAMNALAL KANIRAM BAJAJ TRUST

RAJASTHAN
MAHARASHTRA
SIKAR
WARDHA



Groundwater recharge through rainwater harvesting has helped us replenish the dwindling water levels and transform rainfed agricultural land into irrigable land.

Construction of check dams on revived rivers/streams

Check dams constructed	36
Villages benefited	29
Farmers benefited	1430
Surface water storage created (million cubic feet)	39.87
Water table in surrounding wells increased (feet)	8
Agricultural land benefited (acres)	4600

Net income increased from ₹14000/acre to ₹23000/acre

River deepening, widening and check dam at village Andori

Revival of rivers/streams through deepening and widening of river beds

Rivers/streams revived	8
Total length of revived rivers/streams (kms)	44.5
Villages benefited	44
Farmers benefited	1229
Total agricultural land benefited (acres)	5441
Total wasteland converted into cultivable land (acres)	900

Visit of Mr. Kushagra Bajaj to Malkapur during river revival project

Bori bundh: a seasonal and low cost rainwater harvesting structure

Bori bundhs constructed	181
Villages covered	50
Farmers benefited	511
Agricultural land benefited (acres)	2268
Cropping intensity increased	1 crop to 2 crops
Cotton yield increased (with 2 support irrigation)	6 quintal/acre to 12 quintal/acre

Bori bundh in village Gangapur

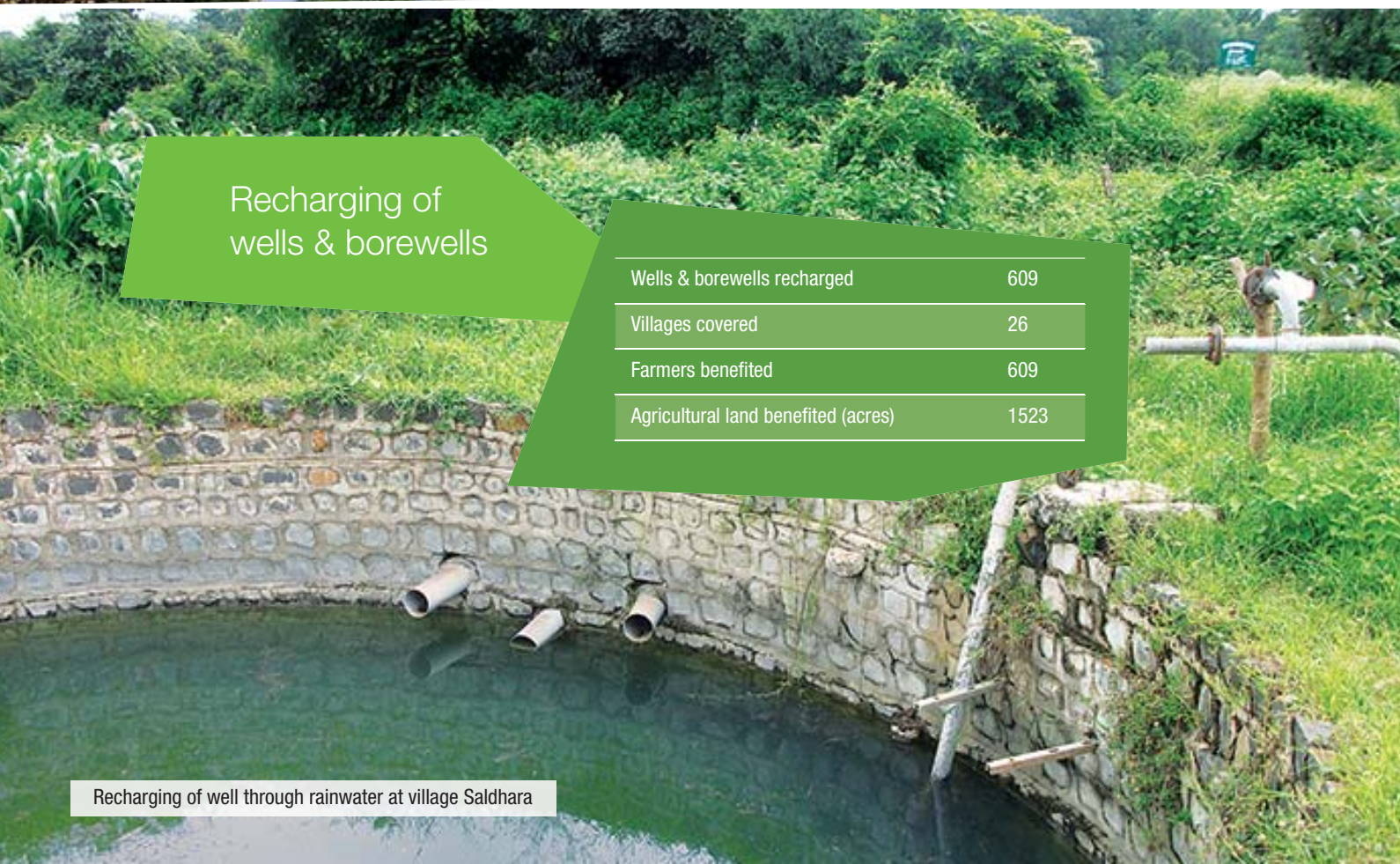
Construction of farm ponds

Farm ponds constructed	806
Villages covered	81
Harvested water (million cubic feet)	36.72
Agricultural land benefited (acres)	1170

Farm pond with ample water for support irrigation and for rabi crop

Recharging of wells & borewells

Wells & borewells recharged	609
Villages covered	26
Farmers benefited	609
Agricultural land benefited (acres)	1523



Recharging of well through rainwater at village Saldhara

We have promoted self-help groups for women to foster their economic independence by providing alternate means of livelihood. The biogas plants installed by us fulfill everyday energy requirement of homes reducing dependency on wood and petroleum for fuel.

Women's empowerment through self-help groups

Women's self-help groups formed	878
Total members	10834
Villages covered	223

Innovative grameen fridge which requires no electricity is increasingly becoming popular in Sikar villages

Promotion of need-based income generation activities

Villages covered	65
Women/families benefited	586

Empowering women through continuous training and awareness in agro-processing and marketing

Mr. Shishir Bajaj interacting with members of self-help groups and kisan clubs

Using non-conventional energy sources: biogas

Promotion of biogas plants/families benefited	716
Villages covered	131

Biogas plant installed at village Ekburji

Women distilling cow urine for medicinal use

We educate and train farmers on sustainable farming practices to enhance crop productivity. At the same time, we encourage them to rear indigenous livestock which generates additional income and ensures greater prosperity in the community.

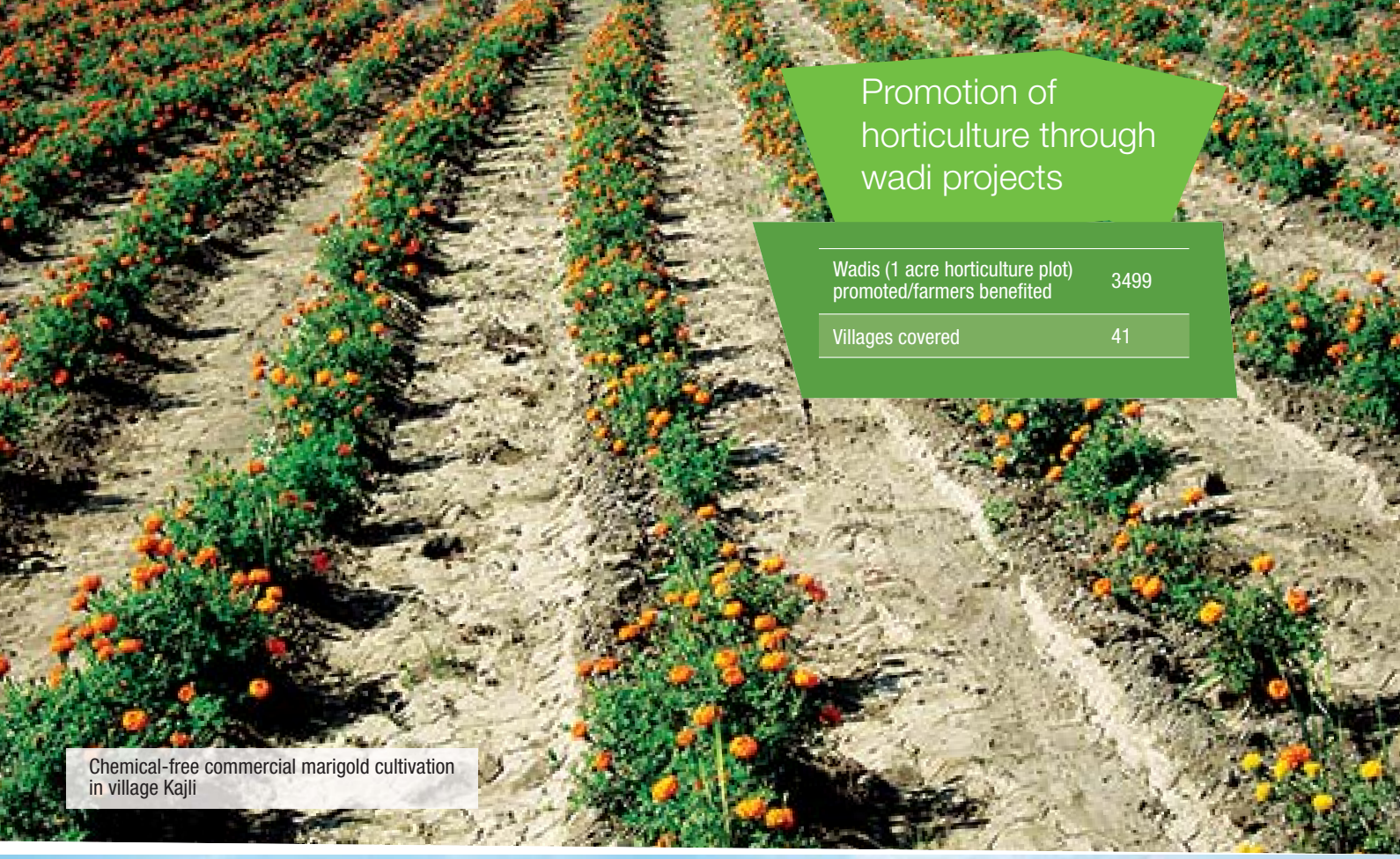
Dairy development through promotion of indigenous cow

Promotion of indigenous cow/families benefited	1489
Villages covered	136

Gir variety of cow bred in Wardha

Promotion of horticulture through wadi projects

Wadis (1 acre horticulture plot) promoted/farmers benefited	3499
Villages covered	41

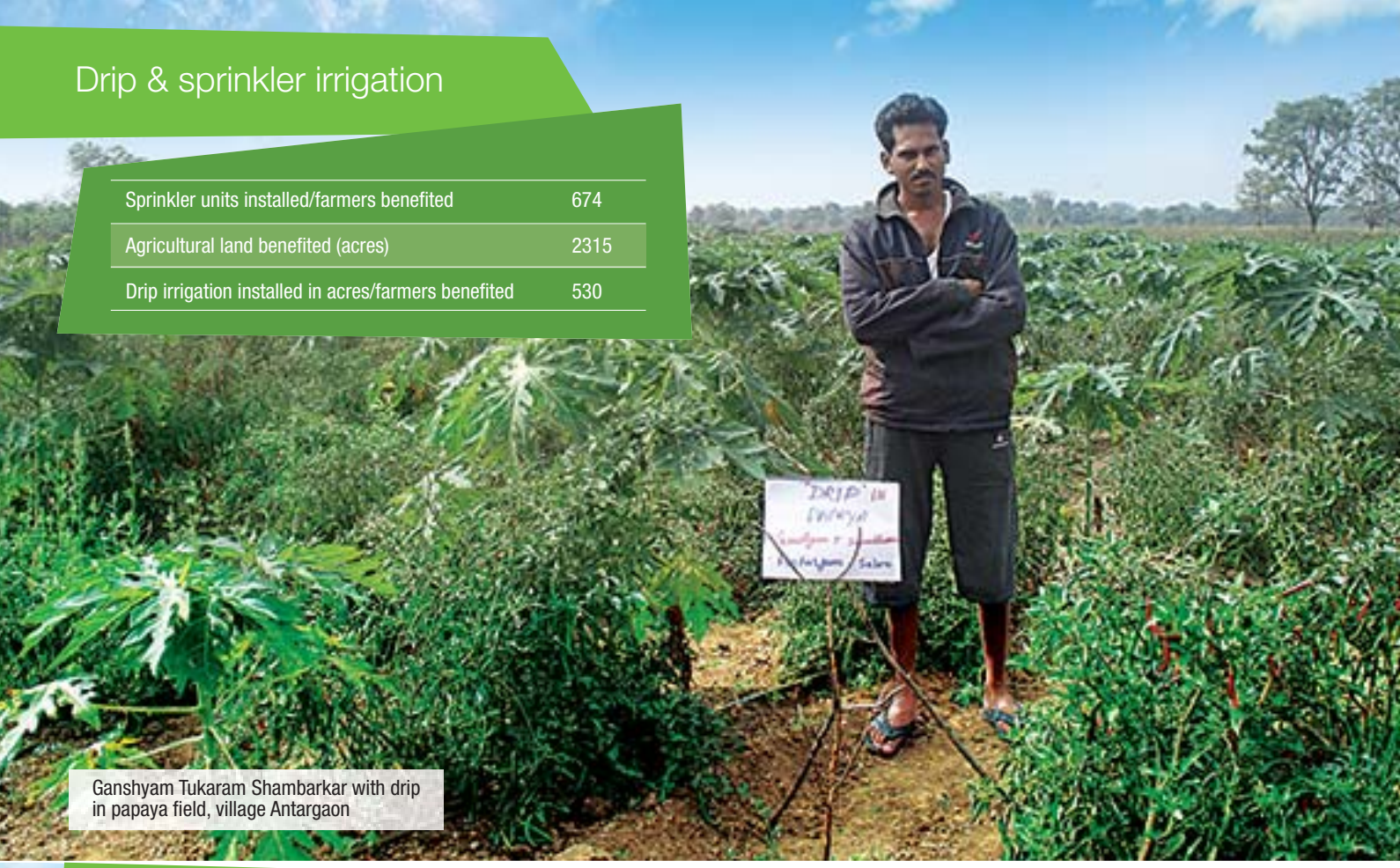


Chemical-free commercial marigold cultivation in village Kajli

Shifting of cropping pattern from traditional cotton to sustainable horticulture through wadi project

Drip & sprinkler irrigation

Sprinkler units installed/farmers benefited	674
Agricultural land benefited (acres)	2315
Drip irrigation installed in acres/farmers benefited	530



Ganshyam Tukaram Shambarkar with drip in papaya field, village Antargaon

Lift irrigation

Group wells constructed	55
Lift irrigation societies promoted	16
Villages covered	25
Farmers benefited	222
Agricultural land benefited (acres)	1700

Efficient and equitable use of groundwater through promotion of farmers' group wells

CHAIRMAN'S LETTER

Dear Shareholders,

Every business is witness to a cyclical trend that is synonymous with government policy, overall economic environment and the organic strength of a company. Bajaj Hindusthan has been witness to many such challenges. It has quite formidably and successfully created opportunities and executed management dexterity in overcoming the same over the years. With your continuous support and the devoted efforts of all employees, we have retained our leadership position in the Indian sugar sector and have actively fulfilled our responsibility of a positive participation in nation building.

The global economy at present is in a situation which is testing even the strongest of nations in their mettle of handling the complex economic situation. For the first time in decades, we are witnessing sovereign defaults risk happening in the Euro Zone. The economic catastrophes some experts say may be even worse than what World War II did to the European Union nations like Greece, Spain and Portugal which have already been reeling under surmounting debts mired with joblessness, negative growth and a growingly impatient populace that is becoming intolerant with their elected governments. The very conglomeration of the European Union is being threatened to the hilt.

In such a backdrop as mentioned above, a further gloom awaits if the major forecasts are followed closely. The Organisation of Economic Co-operation and Development which consists of 34 nations has halved its growth forecast from 2.2% to just 1.2%. To make matters worse, unemployment rate is at 8% and is still growing. Traditional methods of tackling recession through reduced interest rates have not yielded much result. As a residual state of affairs, there is a concoction of confusion in terms of economic policies the nations should test, justifying and debating a common growth path adopted by nations under the Euro Zone, and the extent of spending the rich nations should commit for rescuing the poorer nations. To make matters worse, the issues of political rivalry have had an overriding effect in bringing around a defining path of recovery. Despite the huge bailouts witnessed in public banks in the European Union, the Bank of England has estimated a capital shortfall of $60 billion among the top lenders of Britain. The collateral effects of such a situation surely would be a dampener in the following year.

Further West, across the Atlantic, the US economy has withstood the financial crisis with critical signals of recovery appearing gradually but surely. Recent data reveals of how the housing sector after a prolonged five-year period of deep recession is limping back. In addition, unemployment at moderately high levels of around 7% has definitely softened from its peak levels of 10%. When small pockets of good news spreads across a broader horizon of sectors in the economy, it would accelerate the growth scenario. To top the sustenance of growth, consumer spending which is almost 70% of the total GDP of the US has increased with some positive figures on the charts. This would provide further impetus to the manufacturing sector.

On another front, Brazil has recorded some slowdown along with India. The silver lining is some positive figures from China in terms of manufacturing growth, though a double digit growth figure is surely not to be seen for some time now. Hence, the period 2013-14 could be one of the worst in terms of economic performance for the world economy. The looming threat always would be whether the few nations showing some signs of growth be able to sustain their performance. On the other hand, it would be critical for the rest of the nations, especially those in Europe to work their way out to at least arrest the continuous slump.

The spillover effects are being felt severely in India too. So much so, the fears of the Indian GDP growth in 2012-13 reporting its worst performance in the past decade could be a reality. Most forecasts expect the GDP for 2012-13 to record at 6% levels and possibly dropping to even 5.5%. There has been a downturn in the pace of reforms in an environment of political challenges. The absence of policy impetus has also been supplemented with rising inflation and high interest rates. There has been a slowdown in terms of new projects being implemented as a result of high borrowing costs. With mounting fiscal concerns in the face of a contracting GDP, the government needs to bring in some big ticket reform measures that would signal a positive mood swing and help generate economic activity.

The sugar industry has had a long wait on issues relating to complete decontrol as a policy move on behalf of the government. The formation of the Rangarajan Committee and its proposals in general are extremely encouraging that would lay down a roadmap for bringing in tectonic reforms in the sugar sector. I am

very confident that the government would not delay this opportunity to bring about the required modifications as proposed by the committee. The gains to the sugar industry, from the farmers on the supply side to the end consumers on the consumption side, would be immense. Moreover, the ailing sugar industry would have a huge breather to finally be in a similar playing field as compared to other sectors in India. We are at the start of our third decade of reforms. A decontrol in the sugar sector would flag off an initiation into this decade with a correct signal by the government that has taken another giant step towards reforms.

I have a strong sense that the present year would be one of the most challenging in terms of business environment and overall sluggish sentiments. However, I strongly feel this would be a defining year in terms of consolidation and sustenance of corporates who want to strive hard. Bajaj Hindusthan has always been at the forefront in executing the corporate objectives of growth and profitability. The synergies of operation and functions are best achieved in such trying times. A policy push as I mentioned above in terms of decontrol would open flood gates of opportunities for the overall sector. Your company is ready to take that giant step towards a more open, less restrictive environment of business in the sugar sector.

Warm regards,

Shishir Bajaj

Chairman & Managing Director

JMD SPEAKS

Dear Stakeholders,

Your company has reported an overall turnover of ₹4,368.78 crore for the year ended September 30, 2012. The amalgamation of wholly owned subsidiary Bajaj Eco-Tec Products Limited (BEPL) was completed on October 1, 2012. As a result, the financial and operating results of BEPL from April 1, 2012 (being the Appointed Date) have been incorporated with the financial results of the parent company and hence the financial results for the present year are strictly not comparable with those of the previous year 2010-11. I am also happy to share with you that we continue to be the largest sugar and ethanol manufacturing company in India, a position we have successfully consolidated while executing our objectives responsibly, being the leader in the industry.

The global volatility in sugar prices continues with prices dipping southward after touching a 30 year high in early 2011. There has been an increase in global sugar production by 8% from the period 2010-11 to 2011-12. As a result of an increased supply, the price cycle has declined considerably by 18%. The price outlook for the period 2012-13 continues to be bearish with independent estimates indicating a 6.2 million metric tonnes of surplus for the period 2012-13. Brazil, the largest sugar producer in the world is expected to clock in a total sugar output of 38.5 million tonnes in 2013-14 as compared to 36.1 million tonnes in the previous year. A result of high average prices in 2011 also led nations like China, Russia and Thailand to increase their output further contributing to the ballooning surplus. With slackened prices expected to dominate the global sugar arena, it is now a major challenge to balance input costs, production levels and low prices in a manner that would generate sustainable returns and growth.

Coming back to India, the domestic production recorded at the end of September 30, for the period 2011-12 was at 26.06 million tonnes. The present year's estimated output is at 24 million tonnes which would be around 9% lower than the previous season. With consumption in sugar increasing by approximately 4% annually in India, the sugar consumption in 2012-13 is expected to be at around 23 million tonnes as compared to actual consumption of 22.3 million tonnes in 2011-12. This would be the third season in a row where production would exceed demand leading to a surplus in the domestic market. It also leads to a revisit to the broader but important issue of a dynamic management of surplus sugar, especially the export route. Given the surplus scenario in sugar in the domestic market, the food ministry ordered free export of sugar for a limited period between May and September 30, 2012. During this period, with high domestic prices compared to international prices, there was hardly any take off in exports. With India playing a dominant role in global sugar markets, there have also been considerable expectations from G-20 and WTO asking India to remove all export bans on sugar. However, despite the requests of the Ministry of Commerce to extend the window of exports, there has not been a favourable response yet. The additional option of exports would provide an edge to many domestic producers in a stagnant market at this point of time.

The most pertinent issue of the sugar industry has been the demand for a complete decontrol. India is no stranger to advantages of decontrol and a shift towards a fairer and less restrictive regime of economic policies. Sugar being a sensitive commodity, has been closely observed with respect to both price and production. Right from the farmers to sugar mill owners, both have faced a volatile environment which has been interspersed with price irregularities, high costs, unfavourable cane prices and the seemingly uncertain output inconsistencies. It has been established through various reports and researches that decontrol would lead to a win–win situation for the farmers, consumers and the mills. Estimates roughly speak of an average gain of over ₹3,000 crore apart from savings on processing and inventory costs.

The government has taken a very important step forward by setting up a committee headed by Dr. C. Rangarajan to specifically look after the issues and concerns of the sugar industry. The report has already been submitted in November 2012. Hereon, it is expected that an inter-ministerial group would be set up to study and implement the recommendations thereafter. Many of the Rangarajan Committee recommendations are in line with the requirement of decontrol by the sugar industry and it is widely estimated that the industry could witness a buoyant growth of 15-20% in the next 5 years if some of these recommendations are implemented. Some of the major recommendations have been determination of sugar prices by linking it to the revenue realized by sugar mills, removal of 10% of levy sugar for the PDS at discounted prices, a free trade policy with removal of quantitative controls and time restrictions on export of sugar. In addition, a market demand pricing policy for the sale of by-products would bring in supplementary income for the sugar mills.

Your company continues to grow as a leader with 14 sugar plants having an aggregate sugarcane crushing capacity of 136,000 tonnes crushed per day, 6 distilleries producing industrial alcohol of 800 kilolitres and 14 co-generation plants having a total power generation capacity of 443 megawatts. On the operations side, for the financial year ended September 30, 2012 a total of 12.756 million metric tonnes of sugarcane was crushed and 671.2 metric tonnes of raw sugar was processed. The company produced 1,165,761 metric tonnes sugar from sugarcane and 611 metric tonnes sugar from raw sugar and 647,585 metric tonnes molasses during the financial year 2011-12. Total sugar sold was recorded at 1,138,494 metric tonnes and molasses sold was 95,407 metric tonnes in this period. The power sector forays of your company continue as per plans. Amongst various on-going power projects, land acquisition has been successfully completed for the 1980 megawatt thermal power plant being set up by Lalitpur Power Generation Company Limited at Lalitpur, Uttar Pradesh. In addition, the proposed construction of a second 1980 megawatt power plant is being moved from Bargarh in Chitrakoot district to Mirchwara in Lalitpur district, Uttar Pradesh. To this extent, all logistical and infrastructural support is being explored.

The forthcoming year could be a watershed year for the sugar industry as a whole if the Central Government implements the recommendations of the Rangarajan Committee paving the way for decontrol of the sugar industry. We, as a leader in the sugar sector firmly believe the overall industry would hugely benefit from the advantages of an open policy that would be a stepping stone in the much needed reforms for the sector. I am positive of the huge gains in terms of better prices that can be accrued by the farmer at one end and a more dynamic pricing system that could be catered to the customer on the other end. This would be the sweet by-product of such a decontrol on the policy side. Our firm intent and commitment continues by the exemplary performance that the employees of Bajaj Hindusthan have always exhibited. The present year has its own set of challenges and your company is confident to face such challenges while also creating opportunities, striving continuously towards higher growth.

Warm regards,

Kushagra Bajaj

Vice Chairman & Joint Managing Director

5 YEARS PERFORMANCE TRENDS : 2008-2012

` Crore

BALANCE SHEET AS AT	30.09.2012*	30.09.2011	30.09.2010**	30.09.2009	30.09.2008
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	63.94	22.84	19.14	17.69	14.14
Reserves & surplus	4,030.34	3,117.07	3,117.82	2,275.98	1,330.96
Sub Total	4,094.28	3,139.91	3,136.96	2,293.67	1,345.10
Non-current liabilities					
Long-term borrowings	1,500.69	2,239.74	2,788.60	1,538.00	2,258.32
Deferred tax liabilities (net)	-	87.74	83.43	108.04	58.94
Long-term provisions	31.84	26.86	173.26	169.36	195.16
Sub Total	1,532.53	2,354.34	3,045.29	1,815.40	2,512.42
Current liabilities					
Short-term borrowings	3,286.30	1,424.33	2,328.24	1,179.51	1,098.51
Trade payables	236.40	284.82	410.64	210.91	353.24
Other current liabilities	1,034.96	2,574.89	1,732.60	829.76	309.49
Short-term provision	12.83	14.84	18.72	18.06	12.48
Sub Total	4,570.49	4,298.88	4,490.20	2,238.24	1,773.72
Total	**10,197.30**	**9,793.13**	**10,672.45**	**6,347.31**	**5,631.24**
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	5,419.50	5,389.12	5,478.74	2,630.96	2,477.11
Intangible assets	0.35	0.52	1.17	1.54	1.71
Capital work-in-progress	7.40	24.29	85.12	118.40	131.90
Non-current invesments	1,600.36	1,343.79	1,113.34	549.06	488.26
Long-term loans and advances	92.11	74.87	93.44	73.16	89.63
Other non-current assets	1.68	1.32	-	-	-
Sub Total	7,121.40	6,833.91	6,771.81	3,373.12	3,188.61
Current assets					
Current investments	-	0.05	0.05	0.05	-
Inventories	558.24	467.82	1,921.36	800.45	637.24
Trade receivables	192.02	248.20	163.10	28.57	42.30
Cash and bank balances	180.30	583.77	479.20	112.35	39.72
Short-term loans and advances	1,735.82	1,227.26	1,013.03	1,748.72	1,540.86
Other current assets	409.52	432.12	323.90	284.05	182.50
Sub Total	3,075.90	2,959.22	3,900.64	2,974.19	2,442.63
Total	**10,197.30**	**9,793.13**	**10,672.45**	**6,347.31**	**5,631.24**

* The figures of Financial Year 2011-12 includes the effect of amalgamation of Bajaj Eco-Tec Products Ltd. (as per scheme) w.e.f. 01.04.2012.

** 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.

` Crore

NET INCOME STATEMENT Year ended	30.09.2012*	30.09.2011	30.09.2010**	30.09.2009	30.09.2008
INCOME					
Revenue from operations	4,262.63	4,903.80	2,928.59	1,720.88	1,792.02
Other income	106.15	15.35	100.39	94.01	10.85
Total	4,368.78	4,919.15	3,028.98	1,814.89	1,802.87
EXPENSES					
Purchases and materials consumed	3,366.01	2,739.38	2,765.64	816.76	1,390.33
Manufacturing & other expenses	496.83	425.50	401.09	246.29	424.52
Changes in inventories of finished goods and work-in-progress	(57.97)	888.47	(751.57)	156.55	(230.52)
Total	**3,804.87**	**4,053.35**	**2,415.16**	**1,219.60**	**1,584.33**
Profit before Depreciation, Interest & Tax (PBDIT)	**563.91**	**865.80**	**613.82**	**595.29**	**218.54**
Finance cost (net)	536.41	515.95	301.34	187.08	139.44
Depreciation and amortisation expense	348.82	330.91	257.44	202.21	187.22
	885.23	**846.86**	**558.78**	**389.29**	**326.66**
Profit/ (Loss) before Tax (PBT)	**(321.32)**	**18.94**	**55.04**	**206.00**	**(108.12)**
Tax expenses	(86.75)	6.94	3.29	49.77	(60.44)
Profit/ (Loss) after Tax (PAT)	**(234.57)**	**12.00**	**51.75**	**156.23**	**(47.68)**
Dividend (%)	**10%**	**40%**	**70%**	**70%**	**60%**

* The figures of Financial Year 2011-12 includes the effect of amalgamation of Bajaj Eco-Tec Products Ltd. (as per scheme) w.e.f. 01.04.2012.

** 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.

Board of Directors

Shishir Bajaj
Chairman & Managing Director (Promoter)

Kushagra Bajaj
Vice Chairman & Joint Managing Director (Promoter)

D. S. Mehta
Non-Executive Director (Independent)

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)

Manoj Maheshwari
Director & Group CFO (w.e.f. October 01, 2012)

Ashok Kumar Gupta
Director (Group Operations) (w.e.f. October 01, 2012)

Company Secretary
Pradeep Parakh
Group President (GRC) & Company Secretary

Statutory Auditors
Chaturvedi & Shah
Chartered Accountants

Cost Auditors
B.J.D. Nanabhoy & Co.
Cost Accountants

International Accountants
B S R & Company
Chartered Accountants

Bankers

Allahabad Bank
Central Bank of India
Corporation Bank
HDFC Bank Limited
IDBI Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Patiala
Yes Bank Limited

Registered Office

Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg,
226 Nariman Point, Mumbai – 400 021.
Website: www.bajajhindusthan.com

Registrar & Transfer Agent

Sharepro Services (India) Private Limited
13AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai – 400 072

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Directors' Report

Your Directors have pleasure in presenting their Eighty First annual report and the audited statement of accounts for the financial year ended September 30, 2012.

Amalgamation of Bajaj Eco-Tec Products Limited

The Scheme of Amalgamation of wholly-owned subsidiary Bajaj Eco-Tec Products Limited (BEPL) with the Company in terms of the provisions of Sections 391 and 394 of the Companies Act, 1956 ("the scheme") with the Appointed Date as April 01, 2012 was unanimously approved by the Equity Shareholders of the Company, and also by the Secured Creditors and Unsecured Creditors of the Company and BEPL at their respective court convened meetings held on June 16, 2012.

Subsequently, upon sanction of the Scheme vide Orders passed by the Hon'ble High Court of Judicature at Bombay on September 14, 2012 and completion of other formalities in this regard on October 01, 2012 by both the Companies, the Scheme has become effective from October 01, 2012.

Financial Results

The summarised financial results of the Company for the year ended September 30, 2012 are presented below:

	2011-2012 (` Crore)	2010-2011 (` Crore)
Sales and other income	**4,368.78**	4,919.15
Profit before depreciation, interest and taxation	**563.91**	865.80
Depreciation & amortisation	**348.82**	330.91
Profit after depreciation but before interest and taxation	**215.09**	534.89
Finance costs (Net)	**536.41**	515.95
Profit / (Loss) before taxation	**(321.32)**	18.94
Provision for taxation (Net)	**0.99**	2.63
Provision for deferred tax	**(87.74)**	4.31
Profit / (Loss) after tax	**(234.57)**	12.00
Disposable surplus after adjustments	**(18.36)**	253.81
Transfer to reserve for molasses storage tank	**0.37**	0.31
Transfer to general reserve	**-**	9.01
Transfer from general reserve	**255.58**	-
Proposed dividend	**6.39**	9.14
Corporate dividend tax on proposed dividend	**1.04**	1.48
Amount pursuant to scheme of amalgamation	**(229.42)**	-
Balance carried to balance sheet	**-**	233.87

On a stand-alone basis, the Company achieved a turnover of ` 4,368.78 crore as compared to ` 4,919.15 crore in the previous year mainly due to lower volume of sugar sales in 2011-12 and sale of raw sugar in 2010-11 inspite of higher production and higher sales realisation as compared to the previous year. The loss after tax stood at ` 234.57 crore as compared to the profit of ` 12.00 crore in the previous year. On a consolidated basis, the turnover including other income was ` 4,451.30 crore compared to ` 5,081.90 crore in the previous year. The loss after tax and minority interest is ` 320.11 crore as against profit of ` 21.45 crore in the previous year.

The financial and operating results for current financial year are not strictly comparable with those of previous financial year 2010-11 to the extent that current financial year includes figures pertaining to the erstwhile subsidiary Bajaj Eco-Tec Products Limited for half year viz. from Appointed Date as April 01, 2012 to September 30, 2012 consequent upon the merger of BEPL with the Company whereas in the previous year these were for the Company only.

Dividend

The Board of Directors of the Company recommend, for consideration of shareholders at the 81st Annual General Meeting, payment of dividend of 10% (` 0.10 per share) on equity shares of the face value of ` 1/- each for the year ended September 30, 2012. The dividend paid during the previous year was 40%. Despite absence of profits during the year, the proposed dividend of 10% being the maximum amount payable out of the Reserves as per provisions of "The Companies (Declaration of Dividend out of Reserves) Rules 1975" is recommended to maintain the continuity in payment of dividend of the Company.

Operations

The Company continues to be the number one sugar and ethanol manufacturing company in India with its fourteen sugar plants having an aggregate sugarcane crushing capacity of 1,36,000 TCD, six distilleries having aggregate capacity to produce Industrial Alcohol of 800 kilolitres per day and fourteen co-generation plants having a total power generation capacity of 443 MW, two MDF manufacturing plants having capacity of 1,20,000 MT per annum and one PB manufacturing plant having capacity of 35,000 MT per annum.

Sugar

The operations during the financial year ended September 30, 2012 at all the fourteen sugar plants were satisfactory.

During the financial year 2011-12, the Company crushed 12.756 MMT of sugarcane and processed 671.2 MT of raw sugar. The recovery of sugar from sugarcane was at 9.14% as against 9.31% in the previous year. The Company produced 11,65,761 MT sugar from sugarcane and 611 MT sugar from raw sugar and 6,47,585 MT molasses during the financial year 2011-12.

The Company sold 11,38,494 MT of sugar as against 13,74,407 MT during the previous year, registering a decline of 17%. The Company also sold 95,407 MT of molasses as against 96,497 MT in the previous year.

Distillery

During the year, Industrial Alcohol / Ethanol production was higher at 1,45,156 KL as compared to 89,059 KL in the previous year. Alcohol / Ethanol sale during the year was higher at 1,48,835 KL as against 1,24,366 KL during the previous year, reporting an increase of 20%.

Power

The operations of power generation were smooth at all of our fourteen sugar plants. While most of the power generated by us continued to be used captively to run our plants, the surplus power was sold to the Uttar Pradesh State grid.

Power generation was substantially higher at 8,21,215 MW as compared to 5,56,578 MW in the previous year recording a growth of 48%. This was achieved primarily out of higher quantum of bagasse available from the crushing of sugarcane and optimum utilisation of co-gen capacities resulting from efficient planning. The Company exported 3,46,180 MW of power during the year as against 1,75,842 MW during the previous year, an increase of 97%.

Bagasse Boards

During the period from April 01, 2012 (Appointed Date of Amalgamation) to September 30, 2012, the Company manufactured 4,905 MT of Particle Board (PB) and 10,118 MT of Medium Density Fibre Board (MDF) at its two plants at Kinauni and Palia Kalan, respectively. Operations at the Kundarkhi plant remained suspended due to non-availability of adequate quantity of sugarcane bagasse in and around that area.

The Company sold 5,513 MT of PB and 14,415 MT of MDF during the period.

Change in Capital Structure

Rights Issue

An aggregate of 41,10,42,800 equity shares were allotted to the eligible shareholders on October 31, 2011 against the valid applications for the Rights Issue of equity shares in the ratio of two equity shares at a price of ` 36 per share for every one equity share held announced by the Company in the last year. Consequent to allotment of the aforesaid shares, the paid-up equity share capital of the Company increased from ` 22,83,57,111 to 63,93,99,911.

Out of the aggregate proceeds of ` 1,479.75 crore from this Rights Issue, as on September 30, 2012, the Company has utilised ` 1,374.98 crore towards the repayment of loan, ` 40.88 crore towards general corporate purposes and ` 37.87 crore towards issue expenses aggregating to ` 1,453.73 crore. The balance ` 26.02 crore has been utilised for temporary reduction of working capital loan which would be redrawn, when necessary as stated in the letter of offer.

Listing of Securities

The Company's equity shares are listed on the BSE 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) are listed on the Luxembourg Stock Exchange and London Stock Exchange.

Employees Stock Option

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

Management Discussion and Analysis

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

Subsidiaries

As on September 30, 2012, the Company had the following Subsidiaries, all of them are presently unlisted:

1. Bajaj Aviation Private Limited
2. Lalitpur Power Generation Company Limited
3. Bajaj Power Generation Private Limited
4. Bajaj Hindusthan (Singapore) Pte. Ltd.

In terms of General Circular No. 2/2011 dated February 08, 2011 issued by the Government of India, Ministry of Corporate Affairs granting general exemption under Section 212 of the Companies Act, 1956, and consent of the Board of Directors vide their resolution passed at the Board Meeting, the Company has not attached with its Balance Sheet as at September 30, 2012, copies of the balance sheet, statement of profit and loss and reports of the Board of Directors and Auditors of the Company's subsidiaries and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2012.

Pursuant to the General Circular No. 2/2011 dated February 08, 2011 the Company hereby undertakes that:

I. Annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and subsidiary companies seeking such information at any point of time.

II. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the registered office of the Company and of the subsidiary companies concerned.

III. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

Subsidiaries' Operations

Bajaj Eco-Tec Products Limited (Amalgamated with BHL)

During the year ended March 31, 2012, Bajaj Eco-Tec Products Limited (BEPL) recorded a turnover of ` 122.25 crore as compared ` 160.37 crore in the previous year. The Net Loss after Tax was ` 55.36 crore as against ` 49.53 crore recorded during the previous year. The reduction in turnover was primarily on account of lower availability of main raw material – sugarcane bagasse – in and around the areas near all the three factories of BEPL. Scarce availability of raw material, higher raw material prices, high finance cost, general inflationary conditions and lower realisation continued to put margins under pressure.

In order to improve the Medium Density Fibre Board and Particle Board operations by minimising the impact of tax outgoings on the prices of these bagasse boards and to improve the efficiencies by reducing cost of supervision and management, the Board of Directors of both BEPL and BHL approved a Scheme of Amalgamation of BEPL with BHL. The Orders sanctioning the Scheme was passed by the Hon'ble High Court of Bombay on September 14, 2012. Upon accomplishment of the applicable formalities under the law, the Scheme has come into effect from October 01, 2012 and BEPL stood dissolved without winding up. The appointed date fixed for the Scheme was April 01, 2012.

Bajaj Aviation Private Limited

Bajaj Aviation Private Limited (BAPL), was a wholly-owned subsidiary of Bajaj Eco-Tec Products Limited (BEPL) and accordingly after amalgamation of BEPL with BHL, BAPL became a wholly-owned subsidiary of BHL. During the year ended September 30, 2012, BAPL generated an income of ` 0.96 crore and posted net loss of ` 1.54 crore.

Bajaj Energy Private Limited (ceased to be subsidiary w.e.f. March 19, 2012)

Bajaj Energy Private Limited (BEnPL) was implementing projects for thermal power having generation capacity of 450 MW and projects at all five locations in the State of Uttar Pradesh were successfully commissioned during March and April, 2012.

As on March 31, 2012, BEnPL has earned revenue of ` 20.14 crore from sale of power and ` 0.01 crore from Interest on Fixed Deposits for the year ended March 31, 2012. Total expenses incurred during the year was at ` 32.58 crore. The loss after tax was at ` 12.43 crore for the year ended on that date. Earning per share was ` (7.78). BEnPL sells power generated from its projects to Uttar Pradesh Power Corporation Limited in terms of Power Purchase Agreement at a provisional price of ` 4/- per unit which is subject to upward revision on finalisation of tariff.

BEnPL had allotted 1,96,05,882 equity shares of the face value of ` 10/- each on March 19, 2012. Consequent to said allotment, BEnPL ceased to be a subsidiary of Bajaj Hindusthan.

Lalitpur Power Generation Company Limited

The Company was awarded 1,980 MW (3x660 MW) mega thermal power project at Lalitpur, Uttar Pradesh which is being implemented through Lalitpur Power Generation Company Limited (LPGCL), SPV created for this purpose. The estimated cost of project is ` 12,000 crore.

LPGCL has entered into a facility agreement dated August 24, 2011 with Consortium of lenders for term loan financing of ` 8,886 crore.

LPGCL has acquired 1288.76 acres land till date out of the total estimated land requirement of 1320 acres. LPGCL has also obtained all clearances including major ones from Irrigation Department, Ministry of Environment and Forest (MoEF) and Uttar Pradesh Pollution Control Board (UPPCB) etc. The Boiler Turbine Generators (BTG) and Balance of Plant (BoP) orders through International Competitive Bidding route have also been placed.

LPGCL's application for domestic coal duly recommended by Central Electricity Authority and Ministry of Power is submitted to Ministry of Coal and shall be taken up in the next Standing Linkage Committee meeting. The Company has also made arrangements for procuring imported coal from Indonesia to meet 100% fuel requirements of the project until domestic coal is awarded to the project.

Till date, LPGCL had issued and allotted 92,48,700 equity shares of ` 10/- each to the Company and to other promoter group companies.

Bajaj Power Generation Private Limited

Bajaj Power Generation Private Limited (BPGPL), a wholly owned subsidiary of the Company is mandated with implementation of 1,980 MW (3x660 MW) thermal power project at Bargarh, district Chitrakoot, Uttar Pradesh at an estimated cost of around ` 12,000 crore. BPGPL had initiated steps to acquire land in Bargarh and nearby villages and has also applied for various licenses, approvals and clearances, including application for coal linkages, required for setting up its project. BPGPL has received permission from Joint Secretary, Uttar Pradesh Government and clearance from Central Water Commission, Irrigation Planning (North) Dte., Government of India for withdrawal of water from Yamuna river for its power plant and permission from Central Ground Water Authority, Ministry of Water Resources, Government of India to withdraw ground water to facilitate construction activities at the plant site. The Irrigation Department has also accorded in-principle consent for making water available to the project from Yamuna river subject to construction of barrage on the river. BPGPL can avail water from Yamuna only on receipt of approval from the concerned legal entities of Government of India for construction of barrage across the river.

Citing delay in implementation of its project as a result of this development, application had been made to Uttar Pradesh Power Corporation Limited (UPPCL) for shifting the project site from Bargarh, district Chitrakoot to Mirchwara, district Lalitpur. UPPCL has granted permission to the Company to change the project location from Bargarh to Lalitpur subject to receipt of approval from Uttar Pradesh Electricity Regulatory Commission.

BPGPL is exploring options to develop logistical and infrastructural support for its upcoming power project.

Bajaj Internacional Participações Limitada (Subsidiary in Brazil) (ceased to be subsidiary w.e.f. January 26, 2012)

Since no operation in this Wholly Owned Subsidiary (WOS) was started, the Company had initiated steps of winding up of its operations in 2011 and the resolution for termination of Bajaj Internacional Participações Limitada (BIPL) was duly registered at the Board of Trade, Brazil on January 26, 2012 and accordingly BIPL ceased to be subsidiary of the Company with effect from January 26, 2012.

Bajaj Hindusthan (Singapore) Private Limited

Bajaj Hindusthan (Singapore) Pte. Ltd. (BHSPL), a Wholly Owned Subsidiary of the Company in Singapore engaged in trading in commodities and also exploring opportunities for coal mine acquisition in Indonesia. The Company achieved a turnover including other income of US$ 12.79 million and posted a net loss after taxation of US$ 0.13 million for the year ended March 31, 2012. Company is exploring a possibility for acquisition of coal mines in Indonesia.

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.

As directed by the Central Government and pursuant to the Accounting Standard – 21 (AS – 21) prescribed under the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by your Company include financial information about its aforesaid subsidiaries. The financial statements of BHL as well as its aforesaid subsidiaries will be available on the website of the Company (www.bajajhindusthan.com).

Directors

Mr. Manoj Maheshwari joined the Company in September 2007 as Chief Finance Officer (CFO) of the Company. He was inducted on the Board on whole time basis and designated as Director & Group CFO for a period of five years with effect from October 01, 2012. In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Manoj Maheshwari would hold office as Additional Director (appointed with effect from October 01, 2012 at the Board Meeting held on August 14, 2012) only up to the date of the 81st Annual General Meeting of the Company. The Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Manoj Maheshwari as Director of the Company. The Board of Directors recommends the appointment of Mr. Manoj Maheshwari as Director of the Company.

Mr. Ashok Kumar Gupta joined the Company in May 1982. During his long tenure with BHL, he had gained experience in different departments and immediately prior to his induction on the Board, he was Senior President (Group Operations), Sugar & Distillery Divisions. He was inducted on the Board on whole time basis and designated as Director (Group Operations) for a period of five years with effect from October 01, 2012. In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ashok Kumar Gupta would hold office as Additional Director (appointed with effect from October 01, 2012 at the Board Meeting held on August 14, 2012) only up to the date of the 81st Annual General Meeting of the Company. The Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Ashok Kumar Gupta as Director of the Company. The Board of Directors recommends the appointment of Mr. Ashok Kumar Gupta as Director of the Company.

Dr. Sanjeev Kumar (DIN 00364416) and Mr. Alok Krishna Agarwal (DIN 00127273), 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, 2012, 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, 2012 and of the loss of the Company for the year ended September 30, 2012;

(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, 2012 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 (81st) 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

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s. B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai (Firm Regn. No. 000011) were appointed as the Cost Auditors of the Company. The cost auditors have submitted the Cost Audit Reports to the Central Government within the time limit of 180 days from the close of the financial year for the following products:

Sl. No.	Product	Financial year ended	Date of filing
1	Sugar	30.09.2011	21.03.2012
2	Industrial Alcohol	30.09.2011	21.03.2012

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 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, sum of matured fixed deposits, sum of interest on matured deposit, etc. which has remained unpaid or unclaimed for 7 years have been transferred to the Investor Education and Protection Fund within the 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 particulars regarding the above is given in 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,
November 26, 2012

ANNEXURE-I to Directors' Report for the year ended September 30, 2012

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 :

a) Energy conservation measures taken:

1. Clear juice heating by vapour in place of exhaust steam.
2. Drains of exhaust and live steam collected in a vessel and sent to boiler as feed water.
3. Use of Direct Contact Heater (DCH) for un-sulphured syrup heating with Vapor Cell 1 (VC1) vapours.
4. Recovery of heat from semi Kestner by providing flash connection from condensate flash bottle to first vapour.
5. Installed spray engineering device make auto system to reduce power consumption by reduction of injection water.
6. Installation of bearing protection system for mill roller bearings to reduce oil consumption and wastage.
7. Synchronisation of 10 MW & 15 MW Turbo Generator Sets to increase power export with existing power generating equipments.
8. Installation of variable frequency drives instead of conventional drives to reduce power consumption.
9. Installation of auto shut off system for underground water reservoir pumps.
10. Lime air drier for de-moisturising the air required for sulphur furnace.
11. Automation of auxiliary cane carrier drive with Variable Frequency Drive & Programmable Logic Controller.
12. Power capacitors were installed in the Power House & all Motor Control Centres in all sections & maintain power factor between 0.93 to 0.95 to reduce the power consumption.
13. Installation of 400 KW bio gas engine and sulphur removal plant in Rudhauli distillery.
14. Installation of small DG Set of 82 Kilo Volt Ampere instead of 320 Kilo Volt Ampere and other use of Compact Fluorescent Lamps in plant & offices instead of Mercury High Power Light and incandescent lamps.
15. Introduced Tig Welding System in Mill Rollers to reduce electric power as well as milling losses.
16. Company has started using capacitors banks to regulate the power factor loss from 0.98 to 0.99, which will reduce loss of energy in Eco-Tec Board units.

b) Total energy consumption and energy consumption per unit of production are given in Form A attached.

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	2012	2011
	(` Crore)	(` Crore)
Used	**732.45**	1,133.90
Earned	**52.21**	630.51

Form-A

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

For the year ended September 30		2012	2011
A. Power and Fuel Consumption :			
Electricity			
a) Purchased			
Unit	000 KWH	**16,804.60**	6,286
Total amount	` Crore	**7.86**	3.45
Rate/Unit	`/KWH	**4.68**	5.48
b) Own generation through diesel generator			
Unit	000 KWH	**4,502**	5,036
Unit per litre of Diesel Oil	KWH/LTR	**3.13**	3.08
Total amount	` Crore	**6.14**	6.67
Rate/Unit	`/KWH	**13.64**	13.25
c) Own generation through steam turbine			
Unit	000 KWH	**427,683**	351,699
Total amount Rate/Unit	` Crore `/KWH	**Not applicable, as steam is generated by use of own bagasse**	Not applicable, as steam is generated by use of own bagasse
B. Consumption per unit of production :			
	Industry Standard		
Electricity (KWH/quintal of sugar)	No standard has been fixed	**37.58**	34.85
Electricity (KWH/ MT of Bagasse Board)	No standard has been fixed	**598.02**	

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 2011-2012 were accelerated as under:

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

1. Introduction of new method of Trench Sowing.
2. Propagated Drip Irrigation System in Sugarcane field.
3. Extensive use of bio-fertiliser and promoted more use of organic manure (Bajaj Javik).
4. GPRS survey of Cane Area. The data was directly sent to main server through GPRS connectivity.
5. SIS (Smart Information System) was introduced where information regarding any of the transactions, cane survey, bonding, supply tickets, weighment and cane price payment is being provided through SMS, QSMS (Query SMS), IVRS (Interactive Voice Response System) and website.
6. Design and development of PLC controlled lubricating oil system for continuous centrifugals.
7. Procured nucleus cane seed of newly involved varieties from Sugarcane Research Station of U.P. to establish seed nursery plots under 3 Tier seed multiplication programme through cane development unions.
8. Kinauni Plant is upgraded and awarded with FSSC 22000 certification (A GFSI approved international standard).
9. Ratoon management practices were promoted in the area while laying emphasis on multi ratooning of sugarcane.
10. A1 massecuite production and curing arrangement.
11. Modification in B&C massecuite feed in the vertical crystallisers.
12. Installation of Bio-gas Plant.
13. Mechanical Circulators for low grade pans and planetary Gear Box for old Crystalliser Drive.
14. Space row planting in place of traditional method of sowing.
15. Use of Hand Held Terminals (HHT) at centres for online weighment data transfer.
16. Installation of efficient lime classifier.
17. Modification in last mill discharge chute to open the discharge point.
18. Mill bearing & compressor cooling water re-circulate by cooling tower.
19. Installation of carbondioxide plant.
20. Utilisation of Filtrate/Melt/Syrup clarification system.
21. Modification in Dust Sugar Collecting system to control wastage of sugar.
22. Use of Palia designed molasses cooler.

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

1. Trench sowing increased the average yield in the area.
2. Drip Irrigation method for conservation of water and reduced cost of irrigation.
3. To maintain soil fertility & increase productivity.
4. The GPRS Survey helped in saving manpower and ensured data accuracy.
5. By introduction of SIS, the farmers can get the required information anywhere and anytime without wasting their time and money to come to the inquiry counter set up in the mill.

6. Optimal lubricant consumption and safe operation of machines.

7. The seed which was available to the farmers from the research station was in very small quantities. This was sown by the farmers & is now available 10 to 12 times in weight.

8. Sale to institutional buyers is increased in comparison to last year and also helped in improving total realisation.

9. Improve the cane intensity and productivity.

10. Production of A1 massecuite enhanced the sugar colour and controlled the intermediate molasses purity.

11. Breakdown in gears of vertical crystalliser stopped & operation became smooth.

12. Increased Bio gas production has resulted in lowering fuel costs.

13. Better circulation in Pans.

14. Reduction in the cost of cultivation resulting in more profit to the farmers.

15. By the use of HHT, the manual writing work was avoided, chances of error were reduced and saved a lot of manpower involved in data feeding.

16. Reduction of lime consumption.

17. Avoidance of the bagasse jamming in chute bottom.

18. Control of oil temperature.

19. Installation of carbondioxide plant has resulted in pollution control.

20. Reduction of sulphur consumption and improvement of quality and recovery of sugar.

21. Sugar dust collection increased from 70-80 bags per season to 320 bags in 2011-12.

22. Palia designed molasses cooler resulted in bringing down the temperature of final molasses.

3. Future Plan of Action

1. Use of surplus condensate for make-up water for process cooling tower.

2. Separate cooling water circuit for power house to reduce pumping power requirement and better control.

3. Mechanisation of sugarcane planting, Inter-culture operations and fertiliser application.

4. Development of link road through cane development councils.

5. More emphasis on water conservation by drip irrigation system.

6. Inter cropping and cane plantation by Trench opener method to increase.

7. Waste heat recovery from Sulfur furnace.

8. Filtration of filter juice coming out from O C filter to reduce the quantity of non soluble material negligible.

9. Molasses conditioner brix & temperature controlled automation.

10. Strengthening of Sugarcane Information System (S.I.S.).

11. Cane area survey of 100% cane area to be conducted by GPRS enabled HHC & also planning to install HHCs in all our centres in forthcoming season.

12. Emphasis integrated nutrients & pest management in order to increase yield, quality of sugarcane, maintain soil health and protect environment.

13. More effective implementation of Integrated Nutrient Management (I.N.M.).

14. Better ratoon management practices to be made popular in the area in order to increase yield of ratoon and promote multi ratooning.

15. Promoting more use of organic manure (Bajaj Javik) for improving the fertility status of soil.

16. Establishing soil testing laboratory.

17. To develop an alternate and a better source of Phosphate for which PSB (Phosphate Solubilising Bacteria) culture.

18. Introduction of new agricultural implements like Mould Board plough (for Deep cultivation), Rotavator (for Trash Mulching), etc

19. To install computerised weighbridge at centres.

20. Wide row cane planting for water conservation.

21. Stress on increasing co-gen with existing machinery.

22. Installation of Mechanical Circulators for Low Grade Pans.

23. Installation of Planetary Gear Box for old Crystalliser Drive.

24. Installation of SEDL system to reduce the consumption of injection water.

25. Installation of DCH for Molasses heating through ammonia gases.

26. Installation of I.C. make Sugar Grader in place of old 4 Deck Graders.

27. Installation of CIGAR system for use of flash vapour.

28. Replacement of old Batch Type 750 Kg Centrifugal Machine by new NG-1750 Kg.

4. Expenditure on R&D

For the year ended September 30	**2012**	2011
	(` Crore)	(` 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.

Note: The capital and revenue expenditure on R&D incurred during the year have been included in the respective heads of capital and revenue expenditure.

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, 2012

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 ₹100/- per share of the face value of ₹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 ₹ 100/- per 10 shares of the Face Value of ₹ 1/- each. Post Amalgamation of BHSIL with the Company, the exercise price is adjusted to ₹ 50/- per equity share of the Face Value of ₹ 1/- each. Entitlement per option is 2 (two) equity shares of face value of ₹1/- each.
c)	Options vested	11,00,000
d)	Options exercised as at September 30, 2012	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, 2012	2,80,000
g)	Variation of terms of options	None
h)	Money realised by exercise of options	Nil during the year
i)	Total number of options in force as at September 30, 2012	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 option 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'	(₹ 3.87)
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	₹ 100/- and ₹ 322.18 (Post subdivision and Amalgamation ₹ 50/- and ₹ 161.09 respectively)
n)	Description of the method and significant assumption used during the year to estimate the fair value of options:	₹ 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) ₹ 350.80

Corporate Governance Report

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

Tenets of Company's Corporate Governance Philosophy

We strongly believe that retaining and enhancing stakeholders trust is indispensable for sustained corporate growth. Maximising the shareholder value while safeguarding and promoting the interests of other stakeholders and maintaining a resolute commitment to ethics and code of conduct forms the nucleus of the Company's Corporate Governance philosophy. For the Company, adherence to Corporate Governance stems not only from the letter of law but also from our inherent belief in doing fair business the right way.

Bajaj Hindusthan is in full compliance with the Corporate Governance norms and disclosures of Clause 49 of the Listing Agreement with the Stock Exchanges. We report our financial results and other relevant disclosures/ developments in a clear and timely manner through print and electronic media. The Company files its quarterly, half yearly, annual results, quarterly shareholding patterns in the manner and within such time as prescribed in the Listing Agreement.

The Company's policies on Corporate Governance and compliance thereof in respect of specific areas for the year ended September 30, 2012, 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.

The fundamental theme of Corporate Governance at Bajaj Hindusthan is the nature and extent of accountability of people in the business. The tenets of honesty, transparency and fairness have been entrenched into the corporate culture and each of its associate to ensure adherence to the following main principles of Corporate Governance: -

- **Rights and equitable treatment of shareholders:** To respect the rights of shareholders and help shareholders to exercise those rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.
- **Interests of other stakeholders:** To recognise that the Company has legal, contractual, social, and market driven obligations to the non-shareholder stakeholders comprising of external stakeholder groups represented by investors, lenders, trade creditors, suppliers, customers, communities affected by the Company's activities, policy makers, etc. on the one hand and the internal stakeholders represented by the board of directors, executives, and other employees on the other.
- **Role and responsibilities of the board:** The board possesses sufficient relevant skills and understanding to review and challenge management performance with appropriate levels of independence and commitment.
- **Integrity and ethical behaviour:** To practice that integrity is a fundamental requirement in choosing corporate officers and board members. The Company has developed a code of conduct for its directors and executives that promotes ethical and responsible decision making.
- **Disclosure and transparency:** The roles and responsibilities of board and management are clearly defined make publicly disseminated to provide stakeholders with a level of accountability. All the material matters concerning the organisation are timely disclosed and balanced to ensure that all investors have access to clear, factual information.

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 of Bajaj Hindusthan, has a healthy blend of Executive and Non-Executive Directors. All the Non-Executive Directors are eminent professionals and bring the wealth of their professional expertise and experience to the Management of the Company.

The Board of Directors as on September 30, 2012 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 Vice-Chairman and 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, the Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with not less than fifty percent of the Board of Directors comprising of Non-Executive Directors. Further, if the Chairman of the Board is an Executive Director, at least half of the Board should comprise of Independent Directors. As Table 1 below shows, both these provisions are met by Bajaj Hindusthan.

Board Procedures

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.

Attendance Record of the Directors

During 2011-12, the Board of Directors met fifteen times on October 19, 2011, November 23, 2011, December 19, 2011, January 31, 2012, February 11, 2012, March 13, 2012, March 26, 2012, April 09, 2012, May 08, 2012, May 29, 2012, June 20, 2012, June 28, 2012, July 16, 2012, August 14, 2012 and September 17, 2012. The gap between any two meetings has been less than four months. The Board meetings held on November 23, 2011, May 08, 2012 and August 14, 2012 were done with Video Conferencing facility in terms of the circulars issued by Ministry of Corporate Affairs.

Table 1: Composition of the Board of Directors and Attendance Record of Directors during 2011-12

Name	Category	Board Meetings held / attended	Whether attended previous AGM held on February 11, 2012
Mr. Shishir Bajaj (Chairman and Managing Director) DIN: 00017612	Executive	15/10	Yes
Mr. Kushagra Bajaj (Vice-Chairman and Joint Managing Director) DIN: 00017575	Executive	15/8	Yes
Mr. D. S. Mehta DIN: 00038366	Independent, Non-Executive	15/10	Yes
Mr. M. L. Apte DIN: 00003656	Independent, Non-Executive	15/12	Yes
Mr. R. V. Ruia DIN: 00035853	Independent, Non-Executive	15/13	Yes
Mr. D. K. Shukla DIN: 00025409	Independent, Non-Executive	15/5	Yes
Mr. Alok Krishna Agarwal DIN: 00127273	Independent, Non-Executive	15/5	Yes
Dr. Sanjeev Kumar Director (Corporate & Legal Affairs) DIN: 00364416	Executive	15/5	Yes

Other Directorship and Membership of Board Committees

Details of the number of Directorships held in other companies and positions held in all Public Limited Companies by Directors of Bajaj Hindusthan are summarised in Table 2.

Table 2: Directorship in other companies and Committee position in all public limited companies as at September 30, 2012

Name	Directorship	Committee Membership			Committee Chairmanship		
	In all other Companies	In Listed Public Companies	In Unlisted Public Companies	Total	In Listed Public Companies	In Unlisted Public Companies	Total
Mr. Shishir Bajaj	7	1	NIL	1	NIL	NIL	NIL
Mr. Kushagra Bajaj	9	NIL	NIL	NIL	NIL	NIL	NIL
Mr. D.S. Mehta	8	5	NIL	5	1	NIL	1
Mr. M.L. Apte	7	5	NIL	5	1	NIL	1
Mr. R.V. Ruia	9	2	NIL	2	1	NIL	1
Mr. D.K. Shukla	NIL	1	NIL	1	NIL	NIL	NIL
Mr. Alok Krishna Agarwal	6	2	NIL	2	NIL	NIL	NIL
Dr. Sanjeev Kumar	6	1	1	2	1	NIL	1

Notes:

1. Private Limited Companies, foreign companies and companies under Section 25 have been excluded for the purpose of calculating committee positions.
2. Memberships/Chairmanship in only Audit Committees and Shareholders & Investors Grievance Committees in all Public Limited Companies (including Bajaj Hindusthan) 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.

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.

Board Committees

As of September 30, 2012, the Board had four committees (See Table 3)

Table 3: Board Committees as of September 30, 2012

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	Mr. D. S. Mehta, Chairman* (Non-Executive, Independent)
	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, Independent)
	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 (Vice-Chairman & Joint Managing Director)
	Mr. D. S. Mehta (Non-Executive, Independent)
	Dr. Sanjeev Kumar, Director (Corporate & Legal Affairs)

* Chairman of the respective Committee.

The Board is responsible for 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.

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.

The composition of Audit Committee is given in Table 3. All the above committee members possess sound knowledge of accounts, audit and finance.

Meetings and Attendance

During 2011-12, the Audit Committee met five times on November 23, 2011, February 11, 2012, March 13, 2012, May 08, 2012 and August 14, 2012. The gap between any two meetings has been less than four months. The Audit Committee meetings held on November 23, 2011, May 08, 2012 and August 14, 2012 were done with Video Conferencing facility in terms of the circulars issued by Ministry of Corporate Affairs.

The attendance of each Committee Member is provided in Table 4.

Table 4: Attendance at the meetings of the Audit Committee of Directors during financial year 2011-12

Name of Committee Members	Position	Audit Committee Meetings held / attended
Mr. R.V. Ruia, Chairman	Non-Executive, Independent	5 / 4
Mr. D. K. Shukla	Non-Executive, Independent	5 / 5
Mr. Alok Krishna Agarwal	Non-Executive, Independent	5 / 4

Mr. Shishir Bajaj, Chairman and Managing Director and Mr. Kushagra Bajaj, Vice-Chairman & Joint Managing Director, are permanent invitees to the Audit Committee Meetings. In addition, 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 acts 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 focussed 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 3 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 and Industries Limited till the Scheme is in force.

Meeting and Attendance

During 2011-12, the Remuneration & Compensation Committee met twice on November 23, 2011 and August 14, 2012. The attendance of each Committee Member is provided in Table 5.

Table 5: Attendance at the meetings of the Remuneration & Compensation Committee of Directors during financial year 2011-12

Name of Committee Members	Position	Remuneration & Compensation Committee Meetings held / attended
Mr. D.S. Mehta, Chairman	Non-Executive, Independent	2 / 1
Mr. M. L. Apte	Non-Executive, Independent	2 / 1
Mr. R.V. Ruia	Non-Executive, Independent	2 / 1
Mr. D. K. Shukla	Non-Executive, Independent	2 / 2

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

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 Sections 297 or 299 applies. The register is signed by all the Directors present during the respective Board meetings held from time to time.

Remuneration of Non-Executive Directors

Non-Executive Directors were paid a sitting fee of `20,000 for attending each Board Meeting and `10,000 for attending each Committee Meeting. The details of sitting fees paid to Non-Executive Directors during the financial year 2011-12 are provided in Table 6.

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.

The Company did not advance any loans to any of the Executive and/or Non-Executive Directors during the period under review. Dr. Sanjeev Kumar was granted 2,00,000 options under the Employee Stock Option Plan, 2006 framed by erstwhile Bajaj Hindusthan Sugar and Industries Limited (amalgamated with the Company with effect from December 20, 2010). These options were vested on July 17, 2007 and Dr. Sanjeev Kumar has not exercised any options till date. The pricing formula for these options has been described in Annexure II to Directors' Report.

The details of remuneration paid to the Directors of the Company are given in Table 6.

Table 6: Remuneration of Directors during financial year 2011-12

Name of Directors	Relationship with other directors	Salary	Commission	Performance linked incentive	Sitting fees	Total	Notice period
Mr. Shishir Bajaj, Chairman & Managing Director	Father of Mr. Kushagra Bajaj	1,91,16,000	--	--	--	1,91,16,000	N.A.
Mr. Kushagra Bajaj, Vice-Chairman & Joint Managing Director	Son of Mr. Shishir Bajaj	1,37,57,646	--	--	--	1,37,57,646	N.A.
Mr. D. S. Mehta	--	--	--	--	2,60,000	2,60,000	N.A.
Mr. M. L. Apte	--	--	--	--	2,50,000	2,50,000	N.A.
Mr. R. V. Ruia	--	--	--	--	3,30,000	3,30,000	N.A.
Mr. D. K. Shukla	--	--	--	--	1,70,000	1,70,000	N.A.
Mr. Alok Krishna Agarwal	--	--	--	--	1,40,000	1,40,000	N.A.
Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs)	--	1,92,80,030	--	7,05,867	--	1,99,85,897	A.

Note: The term of office of Mr. Shishir Bajaj and Mr. Kushagra Bajaj is 5 years from the date of their respective re-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.

Shares held by Non-Executive Directors

Shares held by Non-Executive Directors of the Company are given in Table 7.

Table 7: Shares held by Non-Executive Directors

Name of the Directors	Number of Shares held as on September 30, 2012
Mr. D.S. Mehta	1,50,000
Mr. M.L. Apte	1,800
Mr. R.V. Ruia	6,750

Shareholders & Investors Grievance Committee

The Shareholders & 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 Table 8 shows the nature of complaints received from shareholders during 2011-12.
No complaints were pending as on September 30, 2012.

Table 8: Details of Investor Complaints during the year 2011-12

Nature of complaints received during 2011-12	Number of Complaints	Solved to the satisfaction
Non-receipt of Dividend/Dividend Warrant	29	29
Non-receipt of Share Certificate	2	2
Non-receipt of Annual Report	4	4
Legal and others	14	14
Total	**49**	**49**

Meetings and Attendance

During the year under review, the Shareholders & Investors Grievance Committee met three times on November 23, 2011, February 11, 2012 and May 08, 2012. The attendance of each Committee Member is provided in Table 9.

Table 9: Attendance at the meetings of the Shareholders & Investors Grievance Committee of Directors during the financial year 2011-12

Name of Committee Members	Position	Meeting held	Meetings attended
Mr. D. S. Mehta, Chairman	Non-Executive	3	2
Mr. Shishir Bajaj	Chairman & Managing Director	3	3
Mr. R. V. Ruia	Non-Executive, Independent	3	2

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:

(1) 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".

(2) Shareholders' Right
Half yearly performance reports are sent to every shareholder of the Company.

(3) Audit Qualification
It is always the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

(4) Training of Board Members
Directors are fully briefed on all business-related matters, risk assessment and new initiatives proposed by the Company.

(5) Whistle Blower Policy

The Board of Directors of Bajaj Hindusthan (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 material non listed Indian Subsidiary Company. Accordingly, the requirement of appointing at least one Independent Director on the Board of Directors of the above is not applicable.

The Board reviews the financial statements particularly investments made by its 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 Company.

Information to Shareholders

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

Report on Corporate Governance

This section, read together with the information given in the sections entitled (i) Management Discussion and Analysis and (ii) Shareholder Information, constitutes a detailed compliance report on Corporate Governance during the financial year 2011-12.

Management Discussion and Analysis

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

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 ended 30th September 2012 and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Steps for Prevention of Insider Trading Practices

In compliance with the SEBI (Prevention of Insider Trading) Regulations as amended in 2011, 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 81st AGM :	Thursday, the 14th day of February, 2013 at 11.30 A.M. at Rangaswar, Y. B. Chavan Centre, General Jagannath Bhosale Marg, 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
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.
79th AGM	Tuesday, 22nd March, 2011 at 11.30 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
80th AGM	Saturday, 11th February, 2012 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 are reported below.

78th AGM

Subject matter of the Resolutions	Type of Resolution
1. Appointment of Dr. Sanjeev Kumar as Director of the Company, liable to retire by rotation.	Ordinary Resolution
2. Revision in the remuneration payable to Mr. Shishir Bajaj, Managing Director up to the remaining tenure of his present term.	Special Resolution
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 `6,000 crore in excess of paid-up capital and free reserves.	Ordinary Resolution
4. Resolution under Section 293(1)(a) of the Companies Act,1956 for creation of security for additional borrowings.	Ordinary Resolution
5. Resolution under Section 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

79th AGM

Subject matter of the Resolutions	Type of Resolution
1. Resolution under Section 81 (1A) of the Companies Act, 1956 regarding further issue of share capital read with SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.	Special Resolution

80th AGM

Subject matter of the Resolutions	Type of Resolution
1. Re-appointment of Mr. Kushagra Bajaj as Vice Chairman & Joint Managing Director of the Company for a period of 5 (five) years with effect from April 24, 2012.	Special Resolution
2. Revision in terms of remuneration of Dr. Sanjeev Kumar, Whole time Director with effect from October 1, 2011 till the remaining tenure of his present term.	Special Resolution
3. Payment and Distribution of commission to Non-Executive Directors not exceeding 1% of the Net Profits of the Company for a period of 5 years commencing from October 1, 2011.	Special Resolution
4. Resolution under Section 81 (1A) of the Companies Act, 1956 regarding further issue of share capital read with SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.	Special Resolution

Postal Ballot

During the year, pursuant to the provisions of Section 192A of the Companies Act , 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, one postal ballot was conducted for seeking approval from the shareholders. The Board of Directors of the Company had appointed Mr. R. Ramachandran, Past President of the Institute of Company Secretaries of India and Practicing Company Secretary as Scrutinizer for conducting Postal Ballot voting process through fair and transparent manner.

The details of the resolutions passed through postal ballot are as follows:

A. Resolutions passed

1. Special resolution under Sections 16,17 and other applicable provisions, if any, of the Companies Act, 1956 for alteration of object clause of Memorandum of Association of the Company. (Resolution No.1)
2. Special resolution under Section 372A and other applicable provisions, if any, of the Companies Act, 1956 to invest/acquire in shares/securities, to make loan and to give any guarantee/security to subsidiary/associate company(ies). (Resolution No.2)
3. Special resolution under Section 372A and other applicable provisions, if any, of the Companies Act, 1956 for confirmation of the resolution passed at the meeting of Board of Directors for Corporate Guarantees given to subsidiary company. (Resolution No.3)

B. The summary of the votes cast (including e-votes) based on the report submitted by Scrutinizer for conducting the postal ballot is given below:

Particulars	Resolution No. 1		Resolution No. 2		Resolution No. 3	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*
Votes cast in favour	35,76,98,493	99.92	35,76,37,200	99.92	35,76,67,283	99.93
Votes cast against	2,78,427	0.08	2,79,185	0.08	2,49,796	0.07
Total	35,79,76,920	100.00	35,79,16,385	100.00	35,79,17,079	100.00

*% of total shares for valid votes

All the resolutions were passed with the requisite majority.

Financial Calendar

Financial Year 2012-13	: October 01, 2012 to September 30, 2013
Audited Annual Results for the year ended September 30, 2012	: Fourth week of November 2012
Mailing of Annual Report	: Second week of January 2013
Unaudited first quarter financial results	: Second week of February 2013
Unaudited second quarter financial results	: Second week of May 2013
Unaudited third quarter financial results	: Second week of August 2013

Dividend Announcement

The Board of Directors of the Company has recommended a dividend of 10% (`0.10 per share) on the equity share of the face value of `1/- each for the year ended September 30, 2012, subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting. The Dividend paid in the previous year was 40%.

Date of Book Closure:

February 02, 2013 to February 14, 2013 (both days inclusive).

Date of Dividend Payment

On or after February 14, 2013 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 February 14, 2013 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 February 01, 2013; 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 February 01, 2013.

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 1995-96 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 1995-96 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 205C 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 1997-98 to 2003-04 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 2004-05 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 (`)	Due date of transfer to Investor Education and Protection Fund
2004-2005	3498	3,22,874.00	03/05/2013
2005-2006	13023	8,37,842.40	05/05/2014
2006-2007	10461	6,70,407.00	02/04/2015
2007-2008	14884	11,37,848.00	29/04/2016
2008-2009	11869	12,00,578.00	23/04/2017
2009-2010	15038	18,84,539.00	27/04/2018
2010-2011	19121	14,23,099.00	17/03/2019

Unclaimed shares

As required under Clause 5A of the Listing Agreement, the Company has sent 3 reminders to the shareholders whose shares were lying unclaimed/undelivered with the Company. The Company has received a substantial number of requests to claim theses share certificates which are released after a thorough due diligence. As on date the Company has only 0.13% of the total shares, lying unclaimed. These will be transferred to the unclaimed suspense account as stipulated under the Listing Agreement. The Company has already opened an

"Unclaimed Suspense Account" to complete the aforesaid process.

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, 6 & 7 of the Notice convening 81st Annual General Meeting.

Communication to Shareholders

The Company has published its quarterly, half-yearly and annual results in all the editions of Free Press Journal (English) and Navshakti (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 were 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

M/s. 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 M/s. 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 2011-12 was 42,410 as compared to 10,246 in 2010-11.

Dematerialisation of Shares

During the year 2011-12, 41,11,24,597* shares were dematerialised as compared to 3,76,12,112 shares during 2010-11. The distribution of shares in physical and electronic modes as at September 30, 2012 and September 30, 2011 is provided in Table 11.

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

Categories	Position as at September 30, 2012		Position as at September 30, 2011		Shares Dematerialised during financial year 2011-12	
	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding
Physical	29,50,450	0.46	30,25,257	1.32	-74,807	-0.86
Demat:						
NSDL	41,93,00,428	65.58	20,32,43,178	89.01	21,60,57,250	-23.43
CDSL	21,71,49,033	33.96	2,20,88,676	9.67	19,50,60,357	24.29
Sub-total	63,64,49,461	99.54	22,53,31,854	98.68	41,11,17,607	0.86
Total	**63,93,99,911**	**100.00**	**22,83,57,111**	**100.00**	**-**	**-**

*Including 41,09,57,804 equity shares allotted in electronic form on October 31, 2011 pursuant to Rights Issue of Bajaj Hindusthan Limited.

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
BSE Limited	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	500032	BJHN.BO
The National Stock Exchange of India Limited (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 `1/- per share) for NSDL & CDSL: INE306A01021

The Company's GDR is 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
London Stock Exchange	10 Patemoster Square London ECAM 7LS	GDR: US05710P1049

Company has paid listing fees for the financial year 2011-12 to all the stock exchanges where its securities are listed.

Market Price Data

Equity Shares

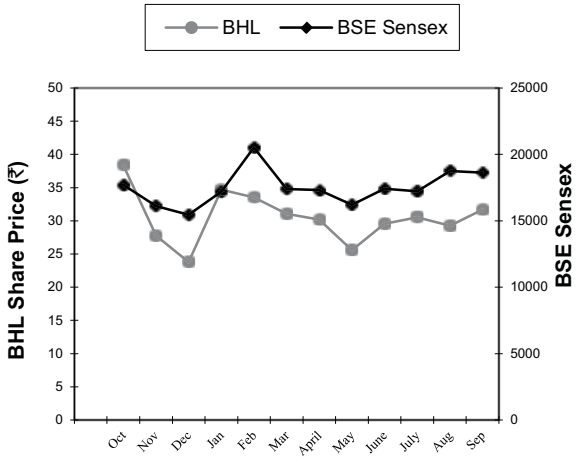
The details of high/low market price of the equity shares of the Company at BSE Limited and at The National Stock Exchange of India Limited (NSE) during the last accounting year of the Company are provided hereunder. (See Table 12)

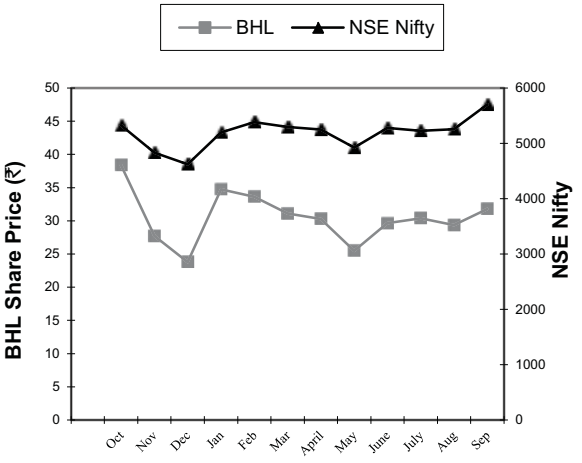
Table 12: Monthly high/low Market Price of Equity Shares of Bajaj Hindusthan Limited during financial year 2011-12

Month	Quotation at BSE (`)			Quotation at NSE (`)		
	HIGH	LOW	CLOSING	HIGH	LOW	CLOSING
	FV `1	FV `1	FV `1	FV `1	FV `1	FV `1
October 2011	38.90	35.10	38.40	38.95	34.90	38.40
November 2011	38.65	26.50	27.75	38.60	26.45	27.70
December 2011	28.95	23.35	23.80	29.00	23.10	23.80
January 2012	35.60	23.35	34.70	37.50	23.35	34.75
February 2012	37.25	30.25	33.55	37.20	28.00	33.65
March 2012	37.00	29.20	31.05	37.00	29.05	31.10
April 2012	32.45	28.75	30.20	32.50	28.70	30.30
May 2012	31.60	25.20	25.60	31.65	25.20	25.50
June 2012	29.90	24.50	29.65	29.90	24.40	29.65
July 2012	35.25	29.10	30.55	35.25	24.85	30.40
August 2012	34.85	28.65	29.25	34.95	28.50	29.35
September 2012	33.90	29.25	31.70	33.85	29.20	31.80

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, 2012 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, 2012 (See Table 13)

Table 13: Shareholding distribution as at September 30, 2012

Category	No. of shareholders	% of total holders	No. of Shares	% of Capital
Upto 5000	1,47,485	98.004	5,32,35,399	8.326
5001 to 10000	1,562	1.038	1,13,23,227	1.771
10001 to 20000	707	0.470	1,00,21,031	1.567
20001 to 30000	238	0.158	59,28,925	0.927
30001 to 40000	116	0.077	40,74,440	0.637
40001 to 50000	64	0.043	29,10,485	0.455
50001 to 100000	142	0.094	1,01,35,453	1.585
100001 and above	175	0.116	54,17,70,951	84.731
Total	**1,50,489**	**100.00**	**63,93,99,911**	**100.00**

Shareholding Pattern

Table 14 gives the shareholding pattern of the Company as at September 30, 2012

Table 14: Shareholding pattern as at September 30, 2012

Categories	September 30, 2012		September 30, 2011	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoters	29,49,30,766	46.13	7,99,69,365	35.02
Mutual Funds/UTI	6,900	0.00	79,229	0.03
Financial Institutions/Banks	4,74,01,879	7.41	7,47,733	0.33
Insurance Companies	4,34,70,216	6.80	1,46,45,060	6.41
Foreign Institutional Investors	6,69,83,446	10.48	2,66,59,163	11.67
NRIs & OCBs	19,09,152	0.30	11,62,608	0.51
GDRs	15,75,600	0.25	16,00,600	0.70
Others	18,31,21,952	28.63	10,34,93,353	45.33
Total	**63,93,99,911**	**100.00**	**22,83,57,111**	**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. The Company has appointed M/s. Sharepro Services (India) Private Limited as its Registrar and Share Transfer Agent for rendering the entire range of services to the shareholders of the Company with regard to share transfer, change of address, change of mandate, dividend, etc.

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	16,00,600	N.A.	N.A.	N.A.
Foreign Currency Convertible Bonds issued to International Finance Corporation, Washington of USD 15 million	100	1,50,00,000	June 16, 2014	24,49,950 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 Kheri, 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 Kheri, 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 Agent of the Company M/s. Sharepro Services (India) Private 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 Tel. No. (022) 67720400/001/002 Fax No. (022) 28508927, 28591568 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,
November 26, 2012

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 2012 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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai
November 26, 2012

Management Discussion and Analysis

I. Global Scenario

In the third consecutive year, Sugar Year (SY) 2012 has seen spurt in the production of sugar across all major sugar producing and consuming countries. This trend is likely to continue in SY2013 despite reduction in sugar output from EU, Thailand & other countries. Major contributors to surplus sugar production will be Russia followed by China & Australia. Late revival of Indian monsoon has waned the threat of prolonged drought in the major sugar producer states and will contribute to a wider surplus sugar scenario than anticipated. Rains kept sugar mills in Brazil away from crushing at full capacity earlier this year but eased in early July and the industry has produced an impressive show since then.

The table below summarises the World Sugar Balance:

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

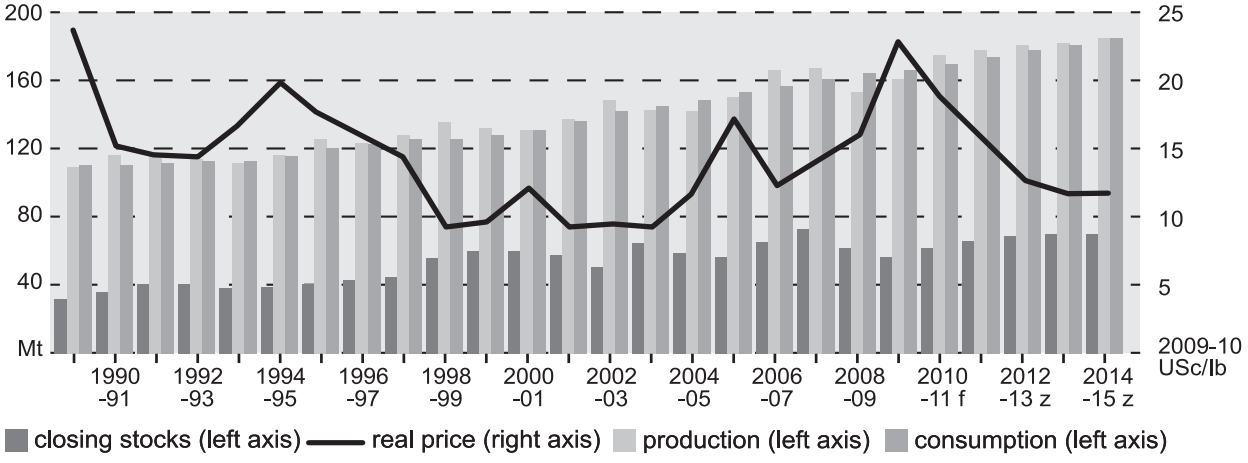
SUGAR	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13(p)
PRODUCTION	137.17	148.47	142.28	140.32	150.47	166.30	167.46	148.98	158.84	164.22	173.49	177.39
CONSUMPTION	135.50	141.88	143.70	147.47	153.64	156.55	159.33	161.97	163.48	163.65	168.30	171.54
SURPLUS/DEFICIT	1.67	6.60	-1.42	-7.15	-3.17	9.74	8.13	-12.99	-4.64	0.57	5.19	5.86
IMPORT DEMAND	43.36	45.24	45.26	47.88	49.00	49.30	48.29	49.26	55.40	53.10	51.71	48.34
EXPORT AVAILABILITY	43.88	45.29	45.37	48.40	49.42	49.64	48.19	48.49	55.56	52.80	52.24	54.50
END STOCKS	62.01	68.56	67.03	59.35	55.75	64.83	73.06	60.84	56.05	56.92	63.25	62.95
STOCKS/ CONSUMPTION RATIO IN %	45.77	48.33	46.65	40.25	36.29	41.41	45.85	37.56	34.28	34.78	37.58	36.69

Source : ISO

During SY2013, the World sugar output has been estimated by ISO, Kingsman, ABARES, Czarnikow, Sucden and other leading sugar research agencies in the range of 175-180 MMT and consumption in the range of 166 to 171 MMT and this will lead to surplus sugar scenario globally.

Given the increasing trend of sugar production and an estimated 177 MMT production in SY2012, it is unlikely that sugar prices will have any upward buoyancy over the next year. The main reason for spurt in sugar production has been attributed to the two years of big deficit during 2008-09 and 2009-10 when world sugar market witnessed high sugar prices. This motivated millers and farmers across the world to increase cane cultivation, sugar production. From the year 2008-09, there has been excellent recovery in countries like Russia, Thailand, India and China.

World sugar market indicators

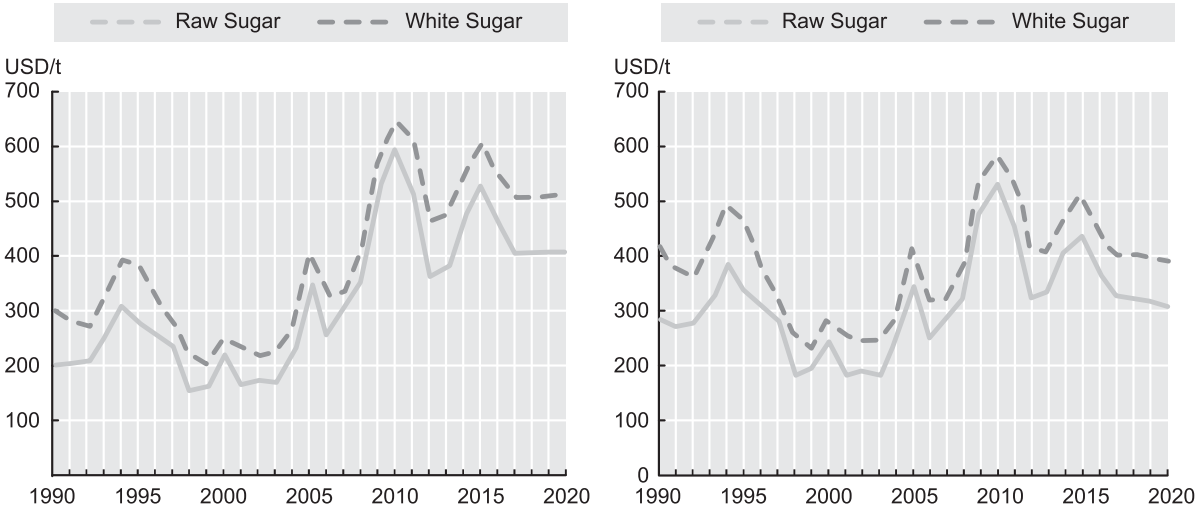


Global Sugar Prices

With prolongation of sugar surplus, the world sugar market continued to experience considerable price volatility. A turnaround in weather fortunes for leading sugar producers has boosted the sweetener's surplus, sending futures to 2-year lows with further losses expected. A huge rise in production in Russia, at one time the world's leading importer of raw sugar, has also curtailed demand for the commodity on international markets. F.O. Licht forecasted that Russian beet sugar production would climb to 5.50 million tonnes, raw value, in 2012-13, marginally up from the prior season's 5.48 million but far above the 2.96 million produced in 2010-11. Russia, one time huge importer of sugar will therefore remain absent from the world market as a large-scale raw sugar importer for the second consecutive year and seems likely to remain an exporter of beet sugar to nearby landlocked neighbours.

As a result, October raw sugar futures traded on Intercontinental Exchange (ICE) hit a two-year low of 18.81 cents a lb, barely more than half the peak of 36.08 cents traded in February 2011. While sugar prices in SY2013 may not exhibit any significant changes and may continue downward trend as compared to SY2012.

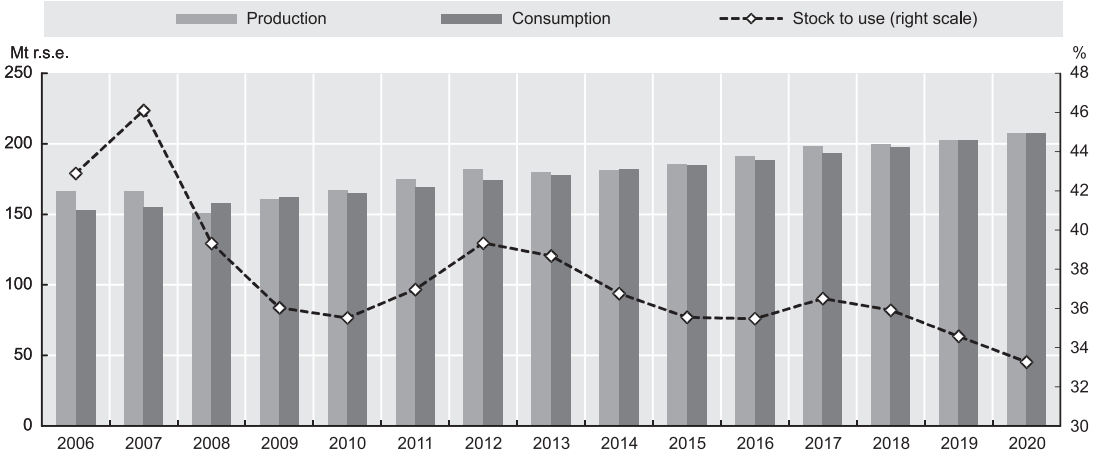
World prices to decline but to remain on a higher plateau
Evolution of world sugar prices in nominal (left figure) and real terms (right figure) to 2020[1]



[1] *Source: OECD and FAO Secretariats.*

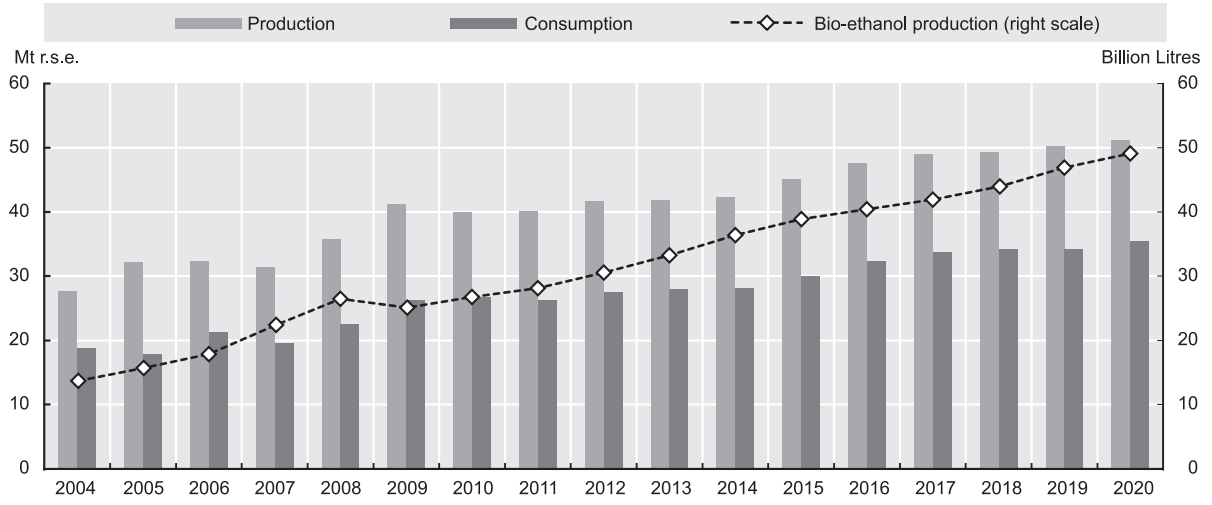
Outlook

Given the much faster glut of production, global stock to consumption ratio (a key indicator of health of the sugar industry) is expected to rise in the near term impacting global prices with a negative bias.



Brazil is expected to consolidate its position as the leading global exporter and will account for over 55% of global trade and over 63% of all additional sugar exports by the close of the projection period. While the bulk of Brazil's exports will continue to comprise high quality raw sugar, which is likely to increase to 21 million MT in 2020-21, the composition of trade will also start to favour white sugar shipments which grow by 50% and amount to over 12 million MT in the same period. The growing concentration of global sugar exports is not without risks for sugar users as world export supplies depend increasingly on the growing conditions of a single country. This may be another factor, in addition to production cycles in Asia, which contributes to future market volatility. A possible counterweight is that a majority of Brazil's sugarcane will continue to be used for ethanol production and many mills have the capacity to produce both sugar and ethanol. Brazil also remains the only exporter that can switch 5-10% of milling capacity between sugar and ethanol production within a year in response to changes in relative profitability between the two end uses. This flexibility should help assure sugar production and export availabilities, when relative prices periodically favour sugar over ethanol production. A significant recent development was that China exceeded for the first time the TRQ of 1.95 MT established on sugar imports at the time of its entry to the WTO in 1998. Rapid economic growth and urbanisation trends are promoting the industrial use of sugar in food manufacture and preparations. Along with low per capita sugar consumption levels of only 11 kg per person in the population at large and tightening government controls on the production and use of artificial sweeteners, these are expected to lead collectively to strong growth in sugar use in China in coming years. Sugar disappearance is projected to grow by over 3% p.a., exceeding the growth of production which is increasingly limited by tightening water availability and boosting sugar imports to over 5 MT by 2020-21. This will make China the largest importer exceeding that of the EU, US and the Russian Federation. In terms of other leading exporters, Thailand plays a unique role in Asia as the only consistent producer of a large sugar surplus and with a natural trade advantage, along with Australia, to service the large and ballooning sugar deficit in that region. Exports from Thailand, which is ranked number two in the world, are projected to grow to around 5.8 MT by 2020-21, exceeding the 2003 record. In the case of Australia, increased production over the projection period should support exports of around 3.8 MT by 2020-21. Strong demand for HFCS in Mexico, which is expected to grow to 75% of total sweetener consumption and similar to the situation in the US, will substitute for sugar used in beverage manufactures, releasing surplus sugar for export to the US market. Mexican exports to the preferred US market are projected to exceed 1.8 MT by 2020-21.

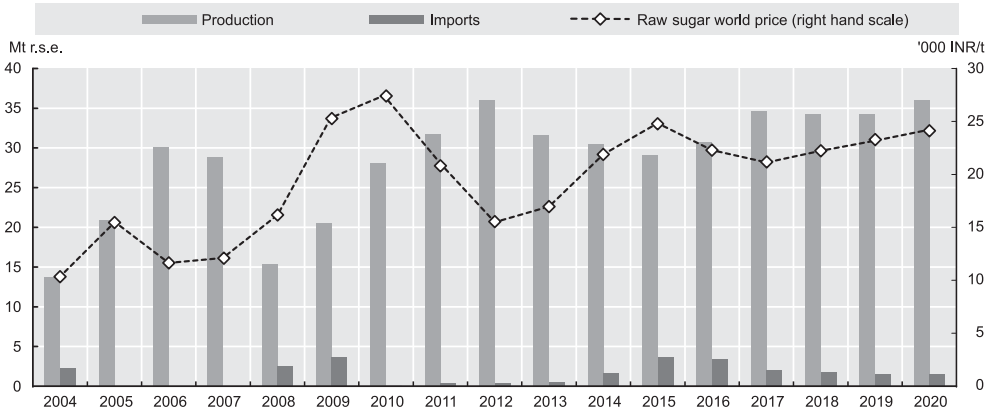
China's imports to rise strongly
Evolution of China's sugar production, consumption and imports to 2020



Source: OECD and FAO Secretariats.

Another important feature will be the influence of India on global sugar prices. As India's exportable surplus increases as it happened in SY2012 is likely in SY2013, global prices will have a downward pressure.

India's production cycle to influence world prices
Evolution of India's sugar production and imports to 2020

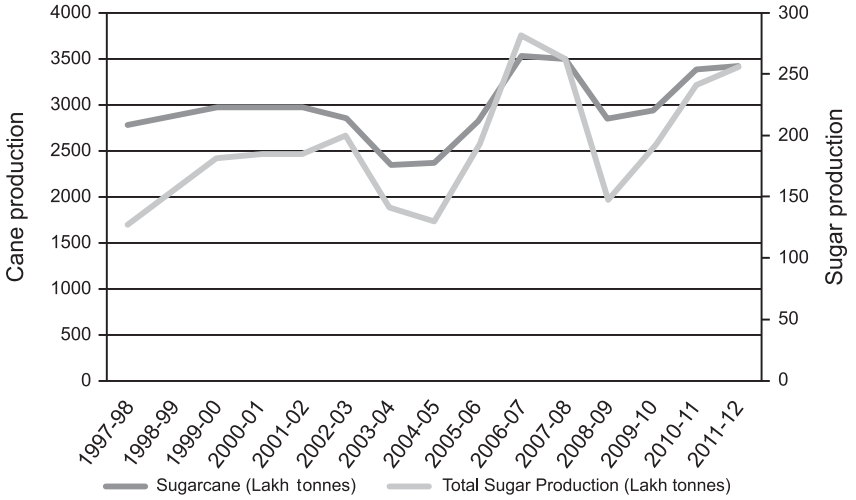


Source: OECD and FAO Secretariats.

II. Indian Scenario

A typical feature of the sugar market in India is the cyclical nature of production, where 2-3 years of surplus are followed by 2-3 years of deficit. In recent years, the cycle has been more pronounced, with larger swings in production and trade.

Cyclical nature of Indian Sugar Production



Source: Directorate of Economics and Statistics, Ministry of Agriculture and Department of Food and Public Distribution, Government of India

After an increase in 2006-07 to 30.1 MT, 33% over the record 2002-03 crop, sugar output declined to 15.2 MT in 2008-09 and is currently estimated at 26 MT for 2011-12. Trade generally follows a similar trend, with imports exceeding 2 MT during the deficit phase of the cycle, replaced by large exports during the surplus phase. Weather patterns of course are a key factor as sugarcane yields are greatly affected by the level of rainfall, notably during the critical monsoon season. But, domestic sugar polices amplify the cycle through their effect on incentives along the sugar value chain, including for farmers and sugar factories.

There are four broad areas of public intervention that regulate the sugar market in India. First, both the Central and the State Governments set a price support for sugarcane. In general, the Central

Government announces a price level, referred to as the Fair and Remunerative Price (FRP) for sugar at which sugar factories are legally required to pay farmers for their sugarcane. On the other hand certain State Governments announces sugarcane price for its respective states known as State Advised Price (SAP) which is substantially higher than the FRP. The second area of intervention is through restrictions on sugar quantities to be sold on the market, as well as imposing on the sugar factories a so-called sugar levy, by which they are required to sell at below market price to the public distribution centres. In addition, the government regulates sugar trade via export limitations and marketing restrictions, such as limits on private stockholdings.

Initially, the government introduced these polices to sustain the income of sugarcane farmers while at the same time protecting consumers from sugar price inflation. Reconciling these objectives is a challenge as fixed sugarcane prices are disconnected from the relatively market-based sugar prices.

Against a backdrop of recurrent large swings in production, sugar demand in India has been growing steadily at about 4% per year over the past 10 years. Therefore, the domestic production and consumption balance moves from periods of surpluses and deficits, leading to often significant changes in the trade position. For instance, in 2007-08, exports reached 4.7 MT (9.7% of world exports), but in 2009-10, these were replaced by imports of about 4 MT (7% of world imports). These changes in trade channel the swings in domestic production to the international sugar markets, contributing to its volatility, especially during periods of global market tightness.

The potential for expanding sugar production in India exists and can be fully exploited if adjustments were introduced to ensure a market driven relationship between sugar and sugarcane prices. Also, relaxing some of the existing measures, such as the monthly releases, could provide sugar factories with some cash flow flexibility. The use and valorisation of sugarcane by-products, such as ethanol, electric power and other derivatives, can cushion against low sugar prices and other market risks. The liberalisation of the sugar industry can only be undertaken within the context of broader domestic reforms, because of the linkages on both demand and supply sides that prevail in agricultural commodity markets.

Table 2: Trends in Domestic Demand and Supply of Sugar **(Million Tonnes)**

S. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12P
1.	Opening Stock	10.67	11.34	11.45	8.50	4.00	4.30	11.03	10.50	4.36	4.98	5.98
2.	Production	18.53	20.14	13.55	12.69	19.27	28.36	26.36	14.54	18.91	24.37	26.00
3.	Imports	0.00	0.12	0.55	2.14			0.00	2.40	4.08		
4.	Total availability	29.20	31.60	25.55	23.33	23.27	32.66	37.39	27.44	27.36	29.35	31.98
5.	Off-take											
	i) Internal consumption	16.78	18.38	17.29	18.50	18.50	19.90	21.90	22.91	21.33	20.77	22.00
	ii) Exports	1.08	1.77	0.27		1.11	1.73	4.96	0.17	0.24	2.60	3.00
	Total offtake	17.86	20.15	17.55	18.50	19.61	21.63	26.86	23.08	21.56	23.37	25.00
6.	Closing Stock	11.34	11.45	8.00	4.83	3.66	11.03	10.53	4.36	5.79	5.98	6.98
7.	Stock as % of offtake	67.5%	62.3%	46.3%	26.1%	19.8%	55.4%	48.1%	19.0%	27.2%	28.8%	31.7%

Source: ISMA, Company

Given the remunerative cane prices, sugarcane acreage has increased and is likely to result in increased sugar production to around 26 million MT in SY2012 resulting in total exportable surplus of 9.98 million MT. Even if India were to export 3 million MT, the closing inventories would be quite high at 6.98 million MT.

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 3: Area under Sugarcane cultivation, Sugarcane Production and yield per hectare

Year	Area under sugar cane cultivation ('000 Hectares)	Sugarcane Production ('000 tonnes)	Yield (tonnes/hectare)	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	1,10,001	45.5	174
1970-71	2,615	1,26,368	48.3	215
1980-81	2,667	1,54,248	57.8	315
1981-82	3,193	1,86,358	58.4	320
1982-83	3,358	1,89,505	56.4	321
1983-84	3,110	1,74,076	56.0	326
1984-85	2,953	1,70,319	57.7	339
1985-86	2,850	1,70,648	59.9	342
1986-87	3,079	1,86,090	60.4	354
1987-88	3,279	1,96,737	60.0	357
1988-89	3,329	2,03,037	61.0	365
1989-90	3,439	2,25,569	65.6	377
1990-91	3,686	2,41,045	65.4	385
1991-92	3,844	2,53,995	66.1	392
1992-93	3,572	2,28,033	63.8	393
1993-94	3,422	2,29,659	67.1	394
1994-95	3,867	2,75,540	71.3	408
1995-96	4,147	2,81,100	67.8	416
1996-97	4,174	2,77,560	66.5	412
1997-98	3,930	2,79,541	71.1	400
1998-99	4,055	2,88,722	71.2	427
1999-00	4,220	2,99,324	70.9	423
2000-01	4,316	2,95,956	68.6	436
2001-02	4,411	2,97,208	67.4	434
2002-03	4,520	2,87,383	63.6	453
2003-04	3,938	2,33,862	59.4	422
2004-05	3,662	2,37,088	64.8	400
2005-06	4,201	2,81,172	66.9	455
2006-07	5,151	3,55,520	69.0	504
2007-08	5,055	3,48,188	68.9	516
2008-09	4,415	2,85,029	64.6	488
2009-10	4,250	2,77,750	66.1	503
2010-11	4,885	3,42,382	70.2	527
2011-12P	5,099	3,51,193	68.9	**NA**

The total area under cane is estimated to increase to 5,009,000 hectares according to FAS Delhi Estimate and Directorate of Economic & Statistics, Ministry of Agriculture which substantiates the view of a likely sugar production of around 33 million MT in SY2013.

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. This trend reversed in SY2010 and continued to increase in SY2011 & SY2012. Yield per hectare has remained in the range from 68 tonnes per hectare to 70 tonnes per hectare. The following table gives the annual state-wise area under cultivation.

Table 4: Sugarcane – State-wise Area under cultivation ('000 hectares)

('000 HECTARE)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12P
Andhra Pradesh	230.0	264.0	247.0	196.0	158.0	157.0	175.0
Assam	23.0	27.0	26.0	28.0	28.0	28.0	25.0
Bihar	101.0	130.0	109.0	112.0	119.0	300.0	300.0
Chhattisgarh	6.0	7.0	11.0	10.0	12.0	12.0	12.0
Gujarat	197.0	214.0	211.0	221.0	192.0	183.0	177.0
Haryana	127.0	140.0	140.0	90.0	74.0	102.0	100.0
Jharkhand	4.0	4.0	6.0	5.0	7.0	7.0	7.0
Karnataka	219.0	326.0	306.0	281.0	326.0	421.0	416.0
Kerala	7.0	5.0	2.0	2.0	2.0	2.0	2.0
Madhya Pradesh	56.0	64.0	75.0	71.0	60.0	70.0	60.0
Maharashtra	501.0	1,049.0	1,093.	768.0	736.0	934.0	992.0
Orissa	16.0	20.0	20.0	11.0	8.0	4.0	4.0
Punjab	84.0	99.0	110.0	81.0	60.0	82.0	93.0
Rajasthan	8.0	11.0	10.0	7.0	6.0	6.0	6.0
Tamil Nadu	336.0	391.0	354.0	309.0	314.0	326.0	286.0
Uttar Pradesh	2,156.0	2,247.0	2,179.0	2,084.0	1,977.0	2,125.0	2,252.0
Uttaranchal	101.0	121.0	124.0	107.0	96.0	105.0	108.0
West Bengal	15.0	17.0	17.0	18.0	14.0	25.0	21.0
Others	14.0	15.0	15.0	14.0	13.0	43.0	43.0
All India	4,201.0	5,151.0	5,055.0	4,415.0	4,202.0	4,932.0	5,079.0

Source: CC Lucknow. ISMA, Company

There is a notable increase in cane acreage in Maharashtra (6.2%) and Uttar Pradesh (5.98%), the two largest sugar producing states of India.

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 `129.84 per qtl. for sugar season 2009 -10 and is linked to a base sugar recovery of 9.50% subject to premium of `1.37 per qtl. for every 0.1% increase in recovery.

The FRP announced for the sugar season 2011-12 is `170 per quintal linked to recovery of 9.5% subject to premium of `1.46 per quintal for every 0.1% increase in recovery as against `145 for the sugar season 2010-11. SAP is yet to be fixed by UP State Government which was `240 per qtl. for the sugar season 2010-11.

The FRP hike is a blow to the millers which may put further pressure on their working capital that is already stretched by poor cash flows. On the other hand, farmers may be dissatisfied by this increase as it may not cover the entire increase in their costs, especially labour and diesel costs.

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 i.e. levy quota which is presently at 10%. This levy quota was hiked at 20% in sugar 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.

Cane and Sugar Policy

Sugar prices which remained stable up to June 2012, increased in July 2012 on anticipation of lower 2012-13 sugar production due to low rainfall. In response to increasing prices, the Government of India allowed sales of additional sugar quota through its sugar release mechanism in order to help ease prices.

The following measures were taken by the Indian Government to improve availability and control sugar prices during the 2011-12 sugar season:

1) The unsold levy quota of 2,00,000 tonnes from the April-June quarter was allowed for open market sale from July 13 through August 14, 2012.

2) Sugar mills were directed to sell at least 70% of their July-September quota by August 31, 2012 vide order dated July 24, 2012.

3) An additional 4,00,000 tonnes quota (to be sold by August 31) was released on August 07, 2012. A total of 21.31 million tonnes of sugar was released for domestic consumption during 2011-12.

In an effort to expand domestic supplies, India extended its zero import duty on raw and white sugar through June 30, 2012. On July 01, 2012, the Indian Government changed course, imposing a 10% duty on sugar imports due to anticipated higher domestic sugar supplies in the first three quarters of Marketing Year 2011-12.

With international raw sugar prices falling $150 per tonnes lower than domestic prices (during the first week of October 2012), imports have become viable. Industry observers believe that if the Indian rupee continues to strengthen relative to the U.S. dollar, then refiners in Maharashtra and Karnataka will import raw sugar. This will increase India's domestic capacity utilisation and will also help keep domestic food inflation in check, especially with the start of the festive season (September-March).

In May 2012, the Empowered Group of Ministers liberalised sugar exports, allowing them under open general license. This was formalised by the Department of Food and Public Distribution, on May 11, 2012 by abolishing the requirement to obtain export release orders from the Directorate of Sugar for the 2011-12 season. The decision was intended to help the sugar industry liquidate surplus stocks and settle their arrears. On May 14, 2012, however, the Ministry of Commerce required millers to register their export contracts. Sugar mills and exporters are thus free to export sugar as per their commercial interest, although the Indian government is monitoring exports closely. Recent reports indicate that during SY2012-13 sugar exports is likely continue under open general license.

Ethanol Policy

As per ISMA, about 580 million litres of fuel ethanol supplies were contracted for the October-September 2011-12 blending seasons. Against this, nationwide E-5 mandate, targeted by the Central Government, would require 1 billion litres. Currently, there are apprehensions that sufficient ethanol is available for fuel purposes because of requirements from the beverage and chemicals industry and restrictions imposed by certain sugarcane producing states on movement of ethanol/ spirits. On November 22, 2012 the Cabinet Committee on Economic Affairs (CCEA) has made it mandatory for oil marketing companies (OMCs) to blend 5% ethanol with petrol. OMCs have been blending ethanol with petrol for the past two years but the policy was partially implemented in absence of any clear directive. Finally, there is a firm decision on ethanol blending. It will boost the ethanol industry and the Industry expects petroleum ministry to come up with gazette notification soon to start this programme.

d. Sugar Prices

Sugar realisations have remained below the cost of production for three quarters in a row. Increased sugar production and restrictions on exports have created a surplus in domestic markets. The outlook, especially on the price front, is not likely to be very positive as the 2012-13 season is expected to see an even higher production, which is likely to serve to keep prices low.

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. Value Addition from By-products

Optimal utilisation of by-products is another key variable in company performance. Integrated sugar mills which produce 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 downturn 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 14 sugar plants having an aggregate crushing capacity of 136,000 TCD, 6 distilleries with aggregate capacity of 800 KL/day and about 117 MW of surplus power.

The following table details individual plant capacities:

Table 5 : BHL plant capacities

Sr. No.	Unit	District	Sugar TCD	Distillery KL	Power MW
1	Golagokarannath	Lakhimpur Kheri	13,000	100	30
2	Palia Kalan	Lakhimpur Kheri	11,000	60	40
3	Khambarkhera	Lakhimpur Kheri	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	-	36
14	Rudauli	Basti	7,000	160	16
	Total Capacity		**1,36,000**	**800**	**443**

Post amalgamation of Bajaj Eco-Tec Products Limited with BHL, there has been addition of Board Plants situated at Palia Kalan, Kinauni and Kundarkhi are capable of producing 80,000 m^3, 50,000 m^3 and 80,000 m^3 of hi-tec, international standard Particle Boards and Medium Density Fibre Boards every year.

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 800 KL/day. The Company has been one of the largest supplier of Ethanol in the country for blending purpose.

Government of India has fixed interim basic price of `27 per Litre as against last price of `21.50 per Litre. The Company certainly sees big potential in Ethanol blending programme 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 molasses/ 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.

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 Company 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 large size and nature of the business demands to maintain a proper internal control system in the Company. The Company has an adequate system of internal control comprising authorisation levels, supervision, checks and balances and procedures through documented policy guidelines and manuals, which provide that all transactions are authorised, recorded and reported correctly and compliance with policies and statutes are ensured. An adequate system of Internal Control has been placed reasonably safeguard its assets against loss through unauthorised use and pilferage. The operational managers exercise their control over business processes through operational system, procedure manuals and financial limits of authority manual, which are reviewed and updated on an ongoing basis to improve the systems and efficiency of operations.

The Company places prime importance on an effective internal audit system. During the year, the internal audit was carried out jointly by the internal audit team of the Company and two Chartered Accountants' firms viz. M/s Singhi & Co. and M/s L.B. Jha & Co. in their respective work areas/units & offices and the scope based on the internal audit programme duly approved by the Management. The internal audit programme is aligned to the previous year's observations, suggestions from the operating managers and auditors, existing systems and procedures, financial limits and authority and also the risk areas which are identified and reviewed.

An illustrative list of scope of activities of in-house areas of Internal Audit is broadly summarised as under:

- Cane Department (Applicable to Sugar units)
  - Cane centre visits.
  - Review of cane balances at Centre & Gate.
  - Review of extraneous matters in cane.
  - Checking of log books maintained for vehicles & diesel consumption.
  - Checking of Cane store records for centre material received back from centre after season end.
  - Review of exception reports on internal checks for cane weighment at gate.
- Physical Verification of Store Inventory 100% annually.
- Surprise check of despatches - Sugar, Molasses, Bagasse, Press Mud, Ethanol etc.
- Physical Verification of civic condition of Sugar Godown.
- Physical Verification of Sugar Stocks annually.
- Verification of Cut and Torn Bags during season.
- Checking of Sugar bagging, weighment and handling.
- Implementation of Audit recommendations and co-ordinations.
- EHS Audit.
- Special assignments and Audits.

- Physical Verification of Fixed Assets.
- Physical Verification of Cash on monthly basis.
- Periodic review of Scrap generation and disposal.

The scope of activities of outsourced areas of Internal Audit is broadly summarised as under:

- Accounts Vouchers and records including adherence of Company policy & defined authority levels & contingent liabilities.
- Purchase Orders / Work Orders and other Agreements / Contracts.
- Statutory compliances - TDS, Service Tax, PF, Minimum Wages and filing of return etc.
- Cenvat Accounting claims and assessment for excise duty and service tax.
- VAT and Sales Tax - Input Credit and assessment.
- Trail and Ledger Scrutiny including General, Debtors, Creditors and Advances Ledger etc.
- HR, Time Office and Security Audit.
- Stores - Material inspection, Stores Ledgers, Records, Issues, Inventory and other subsidiary records + surprise checks and verification on sample basis.
- Sales of Sugar, Molasses, Bagasse, Press Mud, Ethanol and Alcohol.
- Weighment, Logbooks, Pool Vehicle, Diesel consumption, Guest House expenses etc.
- Budgetary Controls & MIS.
- Compliances of Industrial & other applicable Laws.
- Bank Reconciliation statement, Checking of Interest rate and Bank charges.
- Review of system in place for Physical verification of Fixed Assets, Sugar Stocks and disposal of Scrap.
- Surprise check covering dispatches, Log Books and Civic conditions of Sugar Godown and Safety measures etc.

The internal audit is carried out effectively throughout the year covering all areas of operations including the follow-up action. The audit approach is based on random sample selection and takes into considerations the generally accepted business practices. The internal audit reports are first discussed by the management and subsequently placed before the Audit Committee of the Board of Directors along with the direction/action plan recommended by the management. The directions are implemented by the respective units and wherever required Action Taken Report is placed before the Audit Committee.

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 talent and enterprise of its people, helping them grow and find fulfilment 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. As of September 30, 2012, BHL had 7,259 employees.

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

- A need-based training calendar comprising of Cane sowing, irrigation and pest management techniques, operational procedure and skill up-gradation methods, Safety, House-keeping, Fire Fighting, Environment Health & Occupational Hazards, Energy Conservation, Attitudinal & Behavioural Management, Taxation, Computer Awareness, Statutory Compliances, Awareness on Health & Occupational Diseases, Induction Programme for new employees etc. has been designed for all units which are organised at units by internal and external faculties.
- Quality Circle movement to create a sense of belongingness among employees by participation in deciding and implementing process thereby helping in cost reduction through optimum utilisation of resources and cutting wastages. It promotes participation culture, team builiding & development of employees at grassroot level.
- Health Awareness Seminar on Stress Management & Naturopathy Yoga, Parents & Teacher Workshop, Eye Camp, Dental Check-up Camp, Cane Development, Soil Testing, Cane seed, Crop mixing with cane crop, Training on Food Safety & Standard Act, 2006, Workshop on SGP & GFSI (Global Food Safety Intention), Training programme for QC Trainer at QCFI, Haridwar, Seminar on Omega Specialty & Lubricants were organised by expert external faculties.

- The management announces awards for entire manufacturing locations for their outstanding contributions and distinguished record of performance in respective areas. The Company awards Merit Scholarship to Employees' Children for their academic achievements.
- Various CSR Activities initiated by HR are:

  a. General Medical Check-up, Eye Check-up, Hepatitis-B vaccination camps in Factory Campus and also in neighbouring villages etc.

  b. Woollen Clothes & blanket distribution among under-privileged class of surrounding areas.

  c. Seva Shivir.

  d. Distributing Organic Manure on subsidised rates to the farmers.

  e. In winters lighting Alao at every Chauraha by distributing bagasse.

  f. Fogging & Spray for mosquito removal in nearby villages.

  g. Blood donation camps.

  h. An Eye Check-up camp was arranged in factory hospital, Rudhauli in which eye specialists from Sant Kabir Eye Hospital, Basti conducted various eye tests of most of our employees and suitable medicine/spectacles were provided to them on payment. Among the beneficiaries there were various outsiders/farmers also.

In furtherance of the guiding philosophy of the Corporate Social Responsibility (CSR), the group visualised the dire need to impart high standard education at low cost to the wards of the inhabitants. The Bajaj Public School (BPS) a non-profit organisation, is a step in this direction. It was set up in 2009 and extended its branches in Gola and Palia Units in April 2010 and in April 2011 at Barkhera. In the year 2010, the foundation stone of the new school building at Maqsoodapur was laid and in 2011 the school has shifted to the new premises, which has all modern teaching amenities & aid. The school has obtained the CBSE affiliation for Class-X.

BPS has so far taken responsibility to nurture positively the delicate & tender minds of approx 1,056 students. The School is running as a creative centre for learning & development. It has provided employment to more than 30 people, including spouses of the employees. BPS solely aims to continuously connect, grow, serve & reach the new horizons.

BHL undertook a project 'Charkha' (spinning wheel) to boost Women Empowerment (Self Help Groups) and has also conducted surveys in the adjoining villages of some units and finding out the people who are extremely underprivileged. The society helped to fill up the forms, collected clothes, utensils, footwear, medicines etc. and packed them neatly to give it to those who are in need of it. BHL employees also helped the society in raising funds for their projects. BHL Women's Society, prepared mango pickles, daliya, papad. Later, these products were sent to all other units and offices of BHL. Within a few days, the products of the society started receiving orders and dispatches commenced accordingly.

IV. Financial Analysis of Operations of the Company

The financial and operating results for current financial year are not strictly comparable with those of previous financial year 2010-11 to the extent that current financial year include figures pertaining to the erstwhile subsidiary Bajaj Eco-tec Products Limited (BEPL) for half year viz. from Appointed Date April 01, 2012 to September 30, 2012 consequent upon the merger of BEPL with the Company as approved by the Hon'ble High Court of Judicature at Bombay vide Order dated September 14, 2012. However, in the previous year these were for Company only.

Table 6: Operational Data

	Unit	2011-12	2010-11
Cane Crushing Raw Sugar Processing	MMT MMT	**12.756** **0.001**	10.220 0.089
Sugar recovery	%	**9.14**	9.31
Sugar Production -From Cane -From Raw Sugar	MT MT	**11,65,761** **611**	9,51,757 86,125
Industrial Alcohol Production	KL	**1,45,156**	89,059
Molasses Production	MT	**6,47,585**	5,19,391
Boards Production – MDF	MT	**10,118**	-
Boards Production – PB	MT	**4,905**	-
Power Generation	MW	**8,21,215**	5,56,578

During the year, the production of sugar from sugarcane has increased to 11,65,761 MT as compared to 9,51,757 MT registering a growth of 22% and

production from raw sugar has decreased to 611 MT as compared to 86,125 MT due to less processing of raw sugar. The production of molasses has increased to 6,47,585 MT as compared to 5,19,391 MT in previous year. The Industrial Alcohol / Ethanol production was higher at 1,45,156 KL as compared to 89,059 KL in previous year registering an increase of 63%. Production of Medium Density Fibre Board (MDF) and Particle Board (PB) manufactured from Bagasse has now formed part of Company's production after amalgamation of BEPL from April 01, 2012. Power generation was higher at 8,21,215 MW as compared to 5,56,578 MW in previous year recording a growth of 48%, largely due to higher quantum of bagasse available from the crushing of sugarcane.

Looking to the increase in sugarcane crop acreage in sugar season 2011-12, Company took necessary steps to ensure availability of cane so that plants can operate at optimum capacity. Cane crop acreage increased in U.P., resulting increase in the quantity of sugarcane crush and higher production of sugar and other related products i.e. molasses and power. Recovery of sugar from sugarcane was lower this year at 9.14% as against 9.31% in the previous year. The farmers have again shifted from other crops to sugarcane crop due to higher Fair and Remunerative Price (FRP) and State Advisory Price (SAP) fixed by the Central Government and State Government respectively.

Turnover

Decrease in revenue is due to lower volume of sugar sales in 2011-12 and sale of raw sugar in 2010-11.

Analysis of Sales

During the year the Company sold 11,38,494 MT of sugar as against 13,74,407 MT during the previous year, registering a decrease of 17% . The Company sold 95,407 MT of Molasses as against 96,497 MT in the previous year. However, Alcohol/Ethanol sales during the year was higher at 1,48,835 KL as against 1,24,366 KL during the previous year, reporting an increase of 20%. The Company exported 3,46,180 MW of power during the year as against 1,75,842 MW during the previous year, reporting an increase of 97%. Sale of MDF and PB is 14,415 MT and 5,513 MT respectively.

Results of Operations

Table 7: Summarised Financial Results

₹ Crore

Particulars	2011-12	2010-11
Revenue	**4,368.78**	4,919.15
Earnings before interest depreciation and tax (EBIDTA)	**563.91**	865.80
Finance Costs (net)	**536.41**	515.95
Cash Profits	**27.50**	349.85
Depreciation & amortisation	**348.82**	330.91
Profit / (Loss) before tax	**(321.32)**	18.94
Tax expenses	**(86.75)**	6.94
Profit / (Loss) after tax	**(234.57)**	12.00
Basic and Diluted Earning per share (₹)	**(3.87)**	0.53

Product-wise sales quantity, value and per unit realisation details are given in Table 8:

Table 8: Sales revenue

		2011-12			2010-11		
	Unit	Qty	Value ₹ Crore	Realisation* ₹/MT/KL/MW	Qty	Value ₹ Crore	Realisation* ₹/MT/KL /MW
Sugar	MT	**11,38,494**	**3,452.91**	**30,329**	13,74,407	3,907.06	28,427
Alcohol/Ethanol	KL	**1,48,835**	**448.34**	**30,123**	1,24,366	356.80	28,689
Molasses	MT	**95,407**	**25.40**	**2,662**	96,497	24.28	2,516
Boards - MDF	MT	**14,415**	**41.62**	**28,873**	-	-	-
Boards - PB	MT	**5,513**	**15.02**	**27,245**	-	-	-
Power	MW	**3,46,180**	**146.99**	**4,246**	1,75,842	72.25	4,109

** Includes excise duty*

Approximately 8% of total sugar sales were to certain parties against permits (Levy) issued by the Government of India. The remaining 92% 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 (including other operating revenue) for the year was ` 158.13 crore against ` 70.06 crore in the previous year.

The major component of other income was gain due to foreign exchange fluctuation of `78.19 crore, sale of export licenses of `21.55 crore, lease rent received `15.48 crore, provision no longer required `7.69 crore, miscellaneous receipts `13.76 crore and credit balances appropriated `11.44 crore.

Other Expenses

During the year, other expenses were ` 304.90 crore as against ` 255.15 crore in the previous year. The increase in other expenses was largely due to higher crushing of sugarcane.

Earnings before Interest, Depreciation Tax and Amortisation (EBIDTA)

The EBIDTA achieved for the year is ` 563.91 crore as against ` 865.80 crore in the previous year. Decrease in EBIDTA is mainly due to lower volumes of sugar sale in 2011-12.

Finance Costs

Increase in interest expense was mainly due to higher interest rates on loans and additional working capital utilised for making early cane price payments to growers as compared to the previous year. This year the balance payment of cane price for the season 2006-07 and 2007-08 aggregating to ` 234 crore was also paid as per the Order of the Hon'ble Supreme Court of India.

Depreciation & Amortisation

The depreciation for the year increased from ` 330.91 crore to ` 348.82 crore mainly due to depreciation on assets of amalgamating company i.e. BEPL w.e.f. April 01, 2012.

Tax Expenses

In the absence of profits, no provision for current tax has been made, excess provision of tax of earlier year has been reversed by `0.99 crore and deferred tax asset has been created of `87.74 crore. In the previous year, provision for current tax was `16.00 crore, deferred tax liability was `4.31 crore, MAT credit entitlement reversed was `6.60 crore, tax relating to earlier year reversed `4.09 crore and MAT credit entitlement was `16.00 crore.

Balance Sheet

The summarised Balance Sheet as at September 30, 2012 as per revised Schedule VI is given in Table 9.

Table 9: Summarised Balance Sheet

` Crore

Financial year ended September 30,	2012	2011
EQUITY AND LIABILITIES		
Shareholders' Fund		
Share capital	**63.94**	22.84
Reserves and surplus	**4,030.34**	3,117.07
Sub total	**4,094.28**	3,139.91
Non-current liabilities		
Long-term borrowings	**1,500.69**	2,239.74
Deferred tax liabilities (net)	**-**	87.74
Long-term provisions	**31.84**	26.86
Sub total	**1,532.53**	2,354.34
Current liabilities		
Short-term borrowings	**3,286.30**	1,424.33
Trade payables	**236.40**	284.82
Other current liabilities	**1,034.96**	2,574.89
Short-term provisions	**12.83**	14.84
Sub total	**4,570.49**	4,298.88
TOTAL	**10,197.30**	9,793.13
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	**5,419.50**	5,389.12
Intangible assets	**0.35**	0.52
Capital work-in-progress	**7.40**	24.29
Non-current investments	**1,600.36**	1,343.79
Long-term loans and advances	**92.11**	74.87
Other non-current assets	**1.68**	1.32
Sub total	**7,121.40**	6,833.91
Current assets		
Current investments	**-**	0.05
Inventories	**558.24**	467.82
Trade receivables	**192.02**	248.20
Cash and bank balances	**180.30**	583.77
Short-term loans and advances	**1,735.82**	1,227.26
Other current assets	**409.52**	432.12
Sub total	**3,075.90**	2,959.22
TOTAL	**10,197.30**	9,793.13

Share Capital

During the year, the Company concluded a Rights Issue in October 2011 and allotted 41,10,42,800 Equity Shares of ` 1/- each fully paid up at a price of `36/- per share (including share premium of `35/- per share) resulting increase in equity share capital by `41.10 crore.

Reserves and Surplus

Total reserves as on 30.09.2012 is `4,030.34 crore as against `3,117.07 crore as on 30.09.2011. The increase was mainly due to share premium from rights issue during the year.

Long Term Borrowings

Long Term borrowings decreased to `1,500.69 crore as against `2,239.74 crore in the previous year mainly due to repayments made from proceeds of rights issue during the year.

Short Term Borrowings

Short Term borrowings increased to `3,286.30 crore as against `1,424.33 crore in the previous year mainly due to loans taken during the year for payment of old cane liability and business purposes.

Fixed Assets

Gross Block increased from `6,746.38 crore to `7,204.89 crore mainly because of amalgamation of BEPL with the Company during the year. However, the change in net block including CWIP was `13.32 crore from `5,413.93 crore to `5,427.25 crore was due to depreciation provided during the year.

Investments

During the year, the Company has invested `66.00 crore in Bajaj Energy Private Limited (Associate), by subscribing to 33,00,000 equity shares of `10/- each. Phenil Sugars Private Limited allotted 3,70,48,321 Zero Coupon Optionally Convertible Debentures of `100 /- each amounting to `370.48 crore on amalgamation of Govind Nagar Sugar Limited. with Phenil Sugars Private Limited on conversion of secured loan. Bajaj Eco-tec Products Limited (BEPL) a wholly owned subsidiary has been merged w.e.f. 01.04.2012 with the Company resulting in cancellation of investment made in the subsidiary of `114.91 crore in equity shares and `70.00 crore in preference shares. Further Bajaj Aviation Private Limited, a subsidiary of BEPL has become wholly owned subsidiary of the Company on merger with investment of 50,00,000 equity shares of `10/- each aggregating of `5.00 crore.

Inventories

The inventory of sugar at the end of the year was 1,50,287 MT equivalent to 48 days' sales as compared to 33 days' sales in the previous year. Alcohol inventory at the end of year was 4,754 KL equivalent to 12 days' sales as compared to 27 days sales in the previous year. The inventory of MDF and PB at the end of the year was 6,188 MT and 2,191 MT equivalent to 153 days' sales. 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 16 days' of sales as compared to 18 days' of sales in the previous year.

Significant non-recurring income, expenditure and other items

Income

Gain on foreign exchange fluctuation `78.19 crore and the provisions no longer required / credit balance appropriated, `19.13 crore were of a non-recurring nature.

Expenditure

The loss on assets sold/discarded `1.80 crore is of a non-recurring nature.

Contingent liabilities

The status of contingent liabilities as at September 30, 2012 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.

Unit-wise Operations

Sugar Division

Crushing details of plants during the year 2011-12 are given in Table 10.

Table 10: Cane Crushing, Sugar Recovery and Sugar Production

		2011-12			2010-11		
Plant Location	**Zone**	**Cane Crushing (MMT)**	**Sugar Recovery (%)**	**Sugar Production (Tonnes)**	Cane Crushing (MMT)	Sugar Recovery (%)	Sugar Production (Tonnes)
Gola Gokarannath	Central UP	**1.705**	**9.70**	**1,65,343**	1.399	9.78	1,36,854
Palia Kalan	Central UP	**1.438**	**9.07**	**1,30,460**	1.184	9.30	1,10,045
Khambarkhera	Central UP	**1.229**	**9.46**	**1,16,238**	0.863	9.31	80,309
Barkhera	Central UP	**0.952**	**8.96**	**85,295**	0.677	9.16	61,956
Maqsoodapur	Central UP	**0.833**	**9.18**	**76,503**	0.482	9.30	44,841
Kinauni	Western UP	**1.256**	**8.26**	**1,03,731**	1.097	8.58	94,095
Thanabhawan	Western UP	**0.721**	**8.33**	**60,032**	0.707	8.85	62,533
Budhana	Western UP	**0.959**	**8.83**	**84,626**	0.911	9.06	82,503
Bilai	Western UP	**0.835**	**9.63**	**80,348**	0.834	10.24	85,469
Gangnauli	Western UP	**0.422**	**8.51**	**35,868**	0.410	9.18	37,666
Pratappur	Eastern UP	**0.295**	**9.60**	**28,274**	0.215	9.80	21,029
Rudauli	Eastern UP	**0.369**	**9.54**	**35,160**	0.201	9.15	18,367
Utraula	Eastern UP	**0.574**	**9.73**	**55,830**	0.439	9.37	41,095
Kundarkhi	Eastern UP	**1.168**	**9.25**	**1,08,053**	0.801	9.37	74,995
Total		**12.756**	**9.14**	**11,65,761**	10.220	9.31	9,51,757

Apart from the above, during the year the Company processed the raw sugar and produced 611 MT of sugar (previous year 86,125 MT).

Distillery Division

The distillery division produced 1,45,156 kilolitres of Industrial Alcohol/Ethanol against 89,059 kilolitres in the previous year. Likewise Alcohol/Ethanol sales aggregated 1,48,835 kilolitres against 1,24,366 kilolitres in the previous year registering an increase of 20%.

In value terms, the sale of Industrial Alcohol/Ethanol during the year was `448.34 crore as against `356.80 crore in the previous year registering an increase of 26%.

Power Division

The sale of power recorded at `146.99 crore in the current year as against `72.25 crore in the previous year registering an increase of 103% mainly due to availability of more bagasse from sugarcane crushing and optimal use of co-gen capacities with better planning.

Boards Division

The boards division during the period from April 01, 2012 (Appointed Date of Amalgamation) to September 30, 2012, manufactured 4,905 MT of Particle Board (PB) and 10,118 MT of Medium Density Fibre Board (MDF) at its 2 Plants at Kinauni and Palia Kalan, respectively. Operations at its 3rd plant at Kundarkhi remain suspended due to non-availability of adequate quantity of sugarcane bagasse in and around that area.

The sales during the period were 5,513 MT of PB and 14,415 MT of MDF at a value of `15.02 crore and `41.62 crore respectively.

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. This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the Company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI. 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 realising certain goals. The success in realising these depends on various factors both internal and external. Investors, therefore, are requested to make their own independent judgements before taking any investment decisions.

CEO / CFO Certification

The Board of Directors,

Bajaj Hindusthan Limited,

Mumbai

Re: Financial Statements for the year 2011-12 – Certification by CEO and CFO

We, Shishir Bajaj, Chairman & Managing Director and Manoj Maheshwari, Director & Group CFO 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, 2012 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.

2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended September 30, 2012 which are fraudulent, illegal or violative on of the Company's code conduct.

4. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company. 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
Director & Group CFO

Mumbai,
November 26, 2012

Auditors' Report

To

The Members of Bajaj Hindusthan Limited

We have audited the attached Balance Sheet of BAJAJ HINDUSTHAN LIMITED ('the Company') as at September 30, 2012, the Statement of Profit and Loss and the 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 the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the Directors as on September 30, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on September 30, 2012 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 give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

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

For and on behalf of
CHATURVEDI & SHAH
Firm Registration Number : 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No.: 103141

Place: Mumbai
Date: November 26, 2012

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 as per regular programme of verification, 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 of 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 inventory has been physically verified by the management at reasonable intervals, during the year;

   b) As explained to us, the procedures of physical verification of inventories followed by the management are 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 inventory, 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 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 unsecured loans to three subsidiary companies of which one of the subsidiary company was merged with the Company. In respect of the said loans, the maximum amount outstanding at any time during the year is `1,018.73 crore and the year end balance is `740.70 crore;

   b) In our opinion and according to the information and explanations given to us, the rate of interest, where applicable and the 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 interest is payable on demand;

   d) In respect of said loans, the same is repayable on demand and therefore the question of overdue amount doesn't 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 adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956:

   a) On the basis of the audit procedures applied by us, and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the contracts or arrangements that need to be maintained under Section 301 of the Companies Act, 1956 have been so entered;

   b) The transaction so entered, aggregating in excess of `5,00,000/- in respect of each party during the year, have been, in our opinion, as per the information and explanations given to us, made at prices, which are reasonable having regard to the prevailing market prices available at which transactions for similar goods have been made with other parties at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued under section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits)

Rules, 1975 with regard to the deposit 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 product 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, Income tax, Sales tax, Wealth tax, Service tax, Customs 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 aforesaid dues were outstanding, as at September 30, 2012 for a period of more than six months from the date they became payable;

   b) On the basis of our examination of documents on records of the Company and information and explanations given to us upon our inquiries in this regard, the disputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise Duty/Cess not deposited with the appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount (` 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	25.34	Various years from 1997-98 to 2011-12	Deputy/Joint Commissioner/ Commissioner (Appeals)
		1.23	Various years from 1982-83 to 2011-12	Sales Tax Appellate Tribunal
		0.43	Various years from 1989-90 to 2006-07	High Court
Central Excise Act, 1944	Excise and Service Tax	3.02	Various years from 1981-82 to 2011-12	Commissioner of Central Excise (Appeals)
		26.38	Various years from 1981-82 to 2010-11	Central Excise and Service Tax Appellate Tribunal
	Total	**56.40**		

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 one subsidiary company 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 an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made during the year any preferential allotment of shares to companies, firms, parties covered under register maintained under section 301 of the Companies Act, 1956.

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 raised monies by way of right issue of equity shares during the year. We have verified the end use of monies raised by rights issues of equity shares and the same has been disclosed in Note 41.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

For and on behalf of
CHATURVEDI & SHAH
Firm Registration Number : 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place: Mumbai

Date: November 26, 2012

Balance Sheet as at September 30, 2012

Particulars	Note	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
EQUITY AND LIABILITIES:			
Shareholders' funds			
Share capital	3	**63.94**	22.84
Reserves and surplus	4	**4,030.34**	3,117.07
Sub total		**4,094.28**	3,139.91
Non-current liabilities			
Long-term borrowings	5	**1,500.69**	2,239.74
Deferred tax liabilities (net)	6	**-**	87.74
Long-term provisions	7	**31.84**	26.86
Sub total		**1,532.53**	2,354.34
Current liabilities			
Short-term borrowings	8	**3,286.30**	1,424.33
Trade payables	9	**236.40**	284.82
Other current liabilities	10	**1,034.96**	2,574.89
Short-term provisions	11	**12.83**	14.84
Sub total		**4,570.49**	4,298.88
Total		**10,197.30**	9,793.13
ASSETS:			
Non-current assets			
Fixed assets			
Tangible assets	12	**5,419.50**	5,389.12
Intangible assets	12	**0.35**	0.52
Capital work-in-progress	12	**7.40**	24.29
Non-current investments	13	**1,600.36**	1,343.79
Long-term loans and advances	14	**92.11**	74.87
Other non-current assets	15	**1.68**	1.32
Sub total		**7,121.40**	6,833.91
Current assets			
Current investments	16	**-**	0.05
Inventories	17	**558.24**	467.82
Trade receivables	18	**192.02**	248.20
Cash and bank balances	19	**180.30**	583.77
Short-term loans and advances	20	**1,735.82**	1,227.26
Other current assets	21	**409.52**	432.12
Sub total		**3,075.90**	2,959.22
Total		**10,197.30**	9,793.13

See accompanying notes (1 to 46) to the financial statements.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Statement of Profit and Loss for the year ended September 30, 2012

Particulars	Note	2011-2012 ` Crore	2010-2011 ` Crore
INCOME:			
Revenue from operations	22	**4,262.63**	4,903.80
Other income	23	**106.15**	15.35
Total Income		**4,368.78**	4,919.15
EXPENSES:			
Purchases and materials consumed	24	**3,366.01**	2,739.38
Changes in inventories of finished goods and work-in-progress	25	**(57.97)**	888.47
Employee benefits expense	26	**191.93**	170.35
Finance costs (net)	27	**536.41**	515.95
Depreciation and amortisation expense	28	**348.82**	330.91
Other expenses	29	**304.90**	255.15
Total Expenses		**4,690.10**	4,900.21
Profit/(Loss) before tax		**(321.32)**	18.94
Tax Expenses			
Current tax		**-**	16.00
Mat credit entitlement reversed		**-**	6.60
Deferred tax	6	**(87.74)**	4.31
Wealth tax		**-**	0.12
Tax relating to earlier years		**0.99**	(4.09)
		(86.75)	22.94
Less: Mat credit entitlement		**-**	16.00
		(86.75)	6.94
Profit/(Loss) after tax		**(234.57)**	12.00
Earnings per equity share of face value of `1/- each			
Basic and Diluted	38	**(3.87)**	0.53

See accompanying notes (1 to 46) to the financial statements.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Cash Flow Statement for the year ended September 30, 2012

Particulars	2011-2012 ` Crore	2010-2011 ` Crore
A. Cash flow from operating activities:		
Net profit/ (loss) before taxation	**(321.32)**	18.94
Adjustment for:		
Depreciation & amortisation	**348.82**	330.91
Unrealised (Gain) / loss due to foreign exchange fluctuation	**(3.65)**	1.46
Loss/ (surplus) on sale of fixed assets (net)	**1.76**	(1.40)
Finance costs	**661.28**	641.12
Dividend / income from current and long term investment received	**(1.22)**	(0.61)
Profit on sale of investment	**(0.04)**	-
Interest income	**(124.87)**	(125.17)
	882.08	846.31
Operating profit before working capital changes	**560.76**	865.25
Adjustment for:		
Trade and other receivables	**(18.77)**	(28.44)
Inventories	**(31.88)**	1,453.54
Trade and other payables	**(958.27)**	(409.40)
Cash generated from operations	**(448.16)**	1,880.95
Direct taxes paid	**(19.39)**	(47.64)
Net cash from / (used in) operating activities	**(467.55)**	1,833.31
B. Cash flow from investing activities:		
Purchase of fixed assets	**(81.82)**	(52.58)
Sale of fixed assets	**1.30**	13.69
Purchase of investments	**(372.00)**	(255.10)
Sale of investments	**332.09**	24.65
Loans and advances (net)	**(798.71)**	(254.08)
Dividend received	**1.22**	0.61
Interest received	**134.61**	114.94
Advance against Share application money	**(322.00)**	(26.00)
Net cash (used in) investing activities	**(1,105.31)**	(433.87)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	**155.88**	1,608.31
Repayment of long term borrowings	**(1,569.76)**	(1,340.84)
Proceeds from short term borrowings (net of repayments)	**1,832.80**	(903.90)
Rights issue of equity shares & premium thereon	**1,479.75**	-
Issue expenses-rights issue (Includes Merger expenses)	**(7.12)**	(31.43)
Interest paid	**(695.28)**	(610.39)
Dividend paid (including tax thereon)	**(28.18)**	(18.48)
Net cash from / (used in) financing activities	**1,168.09**	(1,296.73)
Net increase/(decrease) in cash and cash equivalents	**(404.77)**	102.71
Cash and cash equivalents (opening balance)	**581.91**	479.20
Cash and cash equivalents on amalgamation	**1.02**	-
Cash and cash equivalents (closing balance)	**178.16**	581.91

Notes:-

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Companies (Accounting Standards) Rules, 2006.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Notes forming part of financial statements

1. Corporate information

Bajaj Hindusthan Limited ('the Company') is a public limited company incorporated in India under the provisions of the Companies Act, 1956. Its Shares are listed on BSE Limited and The National Stock Exchange of India Limited. The Company is engaged in the manufacture of sugar, alcohol and generation of power.

2. Significant accounting policies

2.1 Basis of accounting:-

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956.

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

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

2.2 Use of estimates:-

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current–non-current classification:-

All assets and liabilities are classified into current and non-current.

Assets:-
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities:-
A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

2.4 Operating cycle:-

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the revised Schedule VI to the Act. Based on

the nature of services and the time between the acquisition of assets for providing of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.5 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 excise and sales tax/ VAT. Sales excludes captive consumption.

(ii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Government 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 .

(iii) 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.

(iv) Dividend income is recognised when the right to receive payment is established.

(v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

2.6 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 freehold 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 incurred 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 Tangible Assets–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.

(iii) Individual assets costing ` 5,000 or less are depreciated in full in the year of acquisition.

2.7 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.

2.8 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.

2.9 Research and Development:-

Revenue expenditure on Research and Development is expensed out in the Statement of Profit and Loss for the year.

Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

2.10 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.

2.11 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 Statement of Profit and Loss. However, in respect of long-term foreign currency monetary items, the exchange difference relating to acquisition of capital assets, 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 other financial derivative contracts, premiums paid, gains/losses on settlement and provision for losses, are recognised in the Statement of Profit and Loss.

2.12 Employee Benefits:-

(a) Short Term Employee Benefits:

(i) Short term employee benefits are recognised as expenditure at the undiscounted value in the Statement of Profit and Loss 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). 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 Statement of Profit and Loss. 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 Statement of Profit and Loss in the year of accrual.

2.13 Borrowing Cost:-

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 Statement of Profit and Loss.

2.14 Operating Leases:-

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognised in the Statement of Profit and Loss over the lease term in proportion to the recognition of lease income.

2.15 Earnings per share (EPS):-

Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year.

2.16 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 Statement of Profit and Loss 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, or to the extent of deferred tax liabilities.

2.17 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 Statement of Profit and Loss 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.

2.18 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.

2.19 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.

3. Share capital

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Authorised:		
1,80,00,00,000 (1,80,00,00,000) Equity Shares of `1/- each	**180.00**	180.00
	180.00	180.00
Issued:		
68,50,71,333 (68,50,71,333) Equity Shares of `1/- each	**68.51**	68.51
	68.51	68.51
Subscribed and Paid up:		
63,93,99,911 (22,83,57,111) Equity Shares of `1/- each	**63.94**	22.84
	63.94	22.84

(i) Detail of shares allotted without payment being received in cash during five years immediately preceding the Balance Sheet date are given below:
3,70,00,000 (3,70,00,000) Equity Shares have been issued, for consideration other than cash to the members of erstwhile Bajaj Hindusthan Sugar and Industries Limited pursuant to Scheme of Amalgamation.

(ii) The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at Sept. 30, 2012**	As at Sept. 30, 2011
	No. of Shares	No. of Shares
Equity Shares (with voting rights) at the beginning of the year	**22,83,57,111**	19,13,57,111
Add: Shares issued on exercise of rights (rights issue)	**41,10,42,800**	-
Add: Shares issued pursuant to Scheme of Amalgamation	**-**	3,70,00,000
Equity Shares at the end of the year	**63,93,99,911**	22,83,57,111

(iii) Terms / Rights of equity shares:
The Company has one class of equity shares having par value of `1/- per share. All equity shares are ranking pari passu in all respects including dividend. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The details of Shareholders holding more than 5% shares:

	As at Sept. 30, 2012		As at Sept. 30, 2011	
Name of Shareholders	**No. of Shares**	**% held**	No. of Shares	% held
1. Bajaj Resources Ltd.	**8,19,44,455**	**12.82%**	-	-
2. Trustees - Shishir Bajaj Family Trust	**6,49,48,632**	**10.16%**	5,03,72,240	22.06%
3. Global World Power Projects Pvt. Ltd.	**4,11,11,121**	**6.43%**	-	-
4. Trustees - BHL Securities Trust *	**-**		3,11,00,000	13.62%
5. Life Insurance Corporation of India	**4,10,26,922**	**6.42%**	1,36,74,734	5.99%
6. Bajaj Holdings and Investment Ltd. *	**-**		1,30,68,511	5.72%
7. Janus Overseas Fund	**3,62,76,761**	**5.67%**	1,22,53,642	5.37%

* During the current year, the percentage of holding is less than 5%.

(v) Option on unissued capital:
FCCB's of US$ 1.50 crore amounting to `79.04 crore (P.Y. `73.39 crore) (shown under long-term borrowings (refer note 5)) issued in the month of June 2007 and can be converted at the option of the bond holder into one equity share at `250 per equity share, at a pre determined exchange rate of US$ 1= `42.42 at any time up to 26.04.2014.

4. Reserves and surplus

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Capital redemption reserve		
Opening balance	**0.05**	0.05
Closing balance	**0.05**	0.05
Securities premium		
Opening balance	**2,454.72**	2,450.13
Rights issue of equity shares (Refer Note 41)	**1,438.65**	-
Provision of merger expenses of earlier year written back.	**3.83**	-
Excess provision of tax on premium on redemption of FCCBs	**-**	9.45
Changes in provision of premium & withholding tax thereon on redemption of FCCBs	**(1.58)**	(4.86)
Expenses related to rights issue	**(37.87)**	-
Closing balance	**3,857.75**	2,454.72
General reserve		-
Opening balance	**410.00**	400.00
Transferred from Statement of Profit and Loss	**-**	9.01
Transferred from Reserve for molasses storage tanks	**1.14**	0.99
Transferred to Statement of Profit and Loss	**(255.58)**	-
Merger expenses	**(0.68)**	-
Closing balance	**154.88**	410.00
Debenture redemption reserve		
Opening balance	**-**	66.25
Transferred to Statement of Profit and Loss	**-**	(66.25)
Closing balance	**-**	-
Reserve for molasses storage tanks		
Opening balance	**3.13**	3.81
Transferred from Statement of Profit and Loss	**0.37**	0.31
Transferred to general reserve	**(1.14)**	(0.99)
Closing balance	**2.36**	3.13
Stock option outstanding		
Opening balance	**15.30**	15.30
Closing balance	**15.30**	15.30

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Statement of Profit and Loss [surplus/ (deficit)]		
Opening balance	**233.87**	178.58
Profit/(Loss) for the year	**(234.57)**	12.00
Transfer from debenture redemption reserve	**-**	66.25
Dividend & corporate dividend tax written back	**1.45**	-
Appropriations:		
Transferred to reserve for molasses storage tanks	**(0.37)**	(0.31)
Transferred to general reserve	**-**	(9.01)
Transferred from general reserve	**255.58**	-
Dividend paid of earlier year	**(16.44)**	(2.59)
Corporate dividend tax on dividend paid	**(2.67)**	(0.43)
Proposed dividend	**(6.39)**	(9.14)
Corporate dividend tax on proposed dividend	**(1.04)**	(1.48)
Amount pursuant to scheme of amalgamation (Refer Note 40)	**(229.42)**	-
Closing balance	**-**	233.87
	4,030.34	3,117.07

5. Long-term borrowings

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
From banks		
- Secured	**1,151.34**	1,787.50
	1,151.34	1,787.50
From others		
- Secured	**269.21**	377.97
- Unsecured*	**80.14**	74.27
	349.35	452.24
	1,500.69	2,239.74

* Includes FCCB's of US$ 1.50 crore amounting to `79.04 crore (P.Y. `73.39 crore) issued in the month of June 2007 and can be converted at the option of the bond holder into one equity share at `250 per equity share, at a pre determined exchange rate of US$ 1= `42.42 at any time up to 26.04.2014.

5.1 Maturity Profile **` Crore**

			Maturity Profile					
Particulars	**Interest (%)**	**Outstanding as at Sept. 30, 2012**	**Current Maturities (0-1 Year)**	**2nd Year**	**3rd Year**	**4th Year**	**Beyond 4 Years**	**Details of securities**
Term loans (Secured)								
From Banks	11.25%-16.50%	1,941.61	790.27	453.87	429.70	257.77	10.00	Refer note (i), (ii) & (v) below
From others								
International Financial Corporation (ECB)	LIBOR+1.46%	315.42	100.72	78.85	54.34	54.34	27.17	Refer note (iii) below
Sugar Development Fund (SDF)	4.00%	84.53	30.02	24.93	13.07	9.91	6.60	Refer note (iv) below
Total - from others		399.95	130.74	103.78	67.41	64.25	33.77	
Total - Secured		**2,341.56**	**921.01**	**557.65**	**497.11**	**322.02**	**43.77**	

` Crore

Particulars	Interest (%)	Outstanding as at Sept. 30, 2012	Maturity Profile					
			Current Maturities (0-1 Year)	2nd Year	3rd Year	4th Year	Beyond 4 Years	Details of securities
Term loans (Unsecured)								
From others								
Department of Commercial Taxes of Uttar Pradesh	Interest free	1.10	-	-	0.49	0.39	0.22	
Foreign Currency Convertible Bonds (FCCB's)	LIBOR+1.00%	79.04	-	79.04	-	-	-	
Total - From others		80.14	-	79.04	0.49	0.39	0.22	
Total - Unsecured		**80.14**	**-**	**79.04**	**0.49**	**0.39**	**0.22**	
Grand Total		**2,421.70**	**921.01**	**636.69**	**497.60**	**322.41**	**43.99**	

(i) Term Loans from Banks (except IDBI Bank term loan of `130 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 certain term loans are 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.

(ii) Term Loan of `130 crore from IDBI Bank is Secured/to be secured on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties of the Company. Documentation for mortgage in respect of certain properties is under finalisation.

(iii) Term loans (ECB) in foreign currency from IFC of `315.42 crore is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with buildings and structures thereon and 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 current assets (present and future) related to the factories at aforesaid four locations.

(iv) The Sugar Development Fund loan (SDF) from Government of India 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 `24.10 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.

(v) Term loans from Punjab National Bank of `4.33 crore related with amalgamating company Bajaj Eco-Tec Products Ltd. (BEPL) are secured on first pari passu charge basis by hypothecation of the whole of the present and future movable fixed assets and properties including plant and machinery, machinery spares, tools and accessories and other movables of the Company and also secured / to be secured on first pari passu charge basis by mortgage (by deposit of title deeds) on whole of the present and future immovable fixed assets and properties of the amalgamating company.

6. Deferred tax liabilities/(assets) (net)

	As at Oct. 1, 2011 ` Crore	During the Year ` Crore	**As at Sept. 30, 2012 ` Crore**
Deferred tax liabilities:			
Depreciation and amortisation	525.93	(8.95)	**516.98**
	525.93	(8.95)	**516.98**
Deferred tax assets:			
Provision for employee benefits	5.65	1.54	**7.19**
Provision for doubtful debts/advances	0.09	-	**0.09**
Carry forward losses and unabsorbed depreciation	432.45	77.25	**509.70**
	438.19	78.79	**516.98**
Deferred tax liabilities/ (assets) (net)	87.74	(87.74)	**-**

7. Long-term provisions

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Provision for gratuity	**7.77**	5.62
Provision for leave encashment	**8.06**	6.65
Premium on redemption of FCCBs	**16.01**	14.59
	31.84	26.86

8. Short-term borrowings

Loan from banks		
-Secured	**2,866.31**	1,366.83
-Unsecured	**419.99**	57.50
	3,286.30	1,424.33

(i) Loan from banks (Working capital / Short term loans facilities) except Working Capital / Short term loans of ` 1,350.00 crore and `63.99 crore (refer note (ii) to (v) below) are secured, on first pari passu charge basis, by hypothecation of 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.

(ii) Cash credit limit of `50 crore from UCO Bank is secured by way of subservient charge on fixed assets (excluding land and building) and current assets of the Company.

(iii) Short term loans of `400 crore is secured by subservient pari passu charge on the entire asset both present and future, short term loan of `450 crore is secured by subservient pari passu charge on the entire fixed assets both present and future and Short term loan of `200 crore is secured by subservient pari passu charge on the entire asset (excluding Land & Building) both present and future.

(iv) Short term loan of `250 crore from Bank of Maharashtra is secured by way of residual charge on the assets of the Company by way of hypothecation.

(v) Working capital loans of `63.99 crore from banks in respect of amalgamating company i.e. (BEPL) are secured on first pari passu charge basis by hypothecation of present and future Inventories, book debts and other receivables and further secured on a second pari passu charge basis by hypothecation of the whole of present and future movable fixed assets and properties and also secured on a second pari passu charge basis by mortgage on whole of present and future immoveable fixed assets and properties of the amalgamating company.

9. Trade payables

	As at Sept. 30, 2012 ` Crore	As at Sept.30, 2011 ` Crore
Micro, Small and Medium Enterprises	**0.45**	-
Others	**235.95**	284.82
	236.40	284.82
The details of amount outstanding to Micro, Small and Medium Enterprise based on available information with the Company is as under :		
Particulars		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
– Principal	**0.45**	-
– Interest	**0.01**	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	**-**	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year	**0.49**	
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	**0.01**	-

10. Other current liabilities

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Current maturities of Long term borrowings (refer note 5.1)	**921.01**	1,532.66
Interest accrued but not due on borrowings	**39.31**	73.31
Unclaimed dividends#	**0.75**	0.65
Unclaimed matured deposits and interest accrued thereon#	**0.08**	0.08
Other payables*	**73.81**	968.19
	1,034.96	2,574.89

These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

* Includes statutory dues, security deposits, advances from customer and other liabilities.

* The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 30th September, 2012 of `16.30 crore (P.Y.`20.00 crore) as per the estimated pattern of dispatches. During the year, `20.05 crore was utilised for clearance of goods. Provision recognised under this class for the year is `17.41 crore which is outstanding as on 30th September, 2012. Actual outflow is expected in the next financial year. Other class of provisions where recognition is based on substantial degree of estimation relates to supplier/ service provider/ customer/ third party claims, rebates or demand against the Company.

11. Short-term provisions

Gratuity	**4.31**	3.33
Leave encashment	**1.09**	0.89
Proposed dividend	**6.39**	9.14
Tax on proposed dividend	**1.04**	1.48
	12.83	14.84

12. Fixed assets

Current year ` Crore

DESCRIPTION		GROSS BLOCK					DEPRECIATION					NET BLOCK	
Sr. No.	Particulars	As at Oct. 1, 2011	Additions on Amalgamation	Additions	Deductions & Adjustments	**As at Sept. 30, 2012**	As at Oct. 1, 2011	Additions on Amalgamation	For the year	Deductions & Adjustments	**Upto Sept. 30, 2012**	**As at Sept. 30, 2012**	As at Sept. 30, 2011
(A) TANGIBLE ASSETS :													
	OWN ASSETS :												
1.	Freehold Land	434.44	2.04	-	0.18	**436.30**	-	-	-	-	-	**436.30**	434.44
2.	Leasehold Land	0.68	-	-	-	**0.68**	0.07	-	0.03	-	**0.10**	**0.58**	0.61
3.	Buildings	1,140.49	93.83	24.01	2.31	**1,256.02**	231.37	30.57	66.21	0.71	**327.44**	**928.58**	909.12
4.	Plant & Machinery	4,924.92	255.38	84.37	2.67	**5,262.00**	1,048.65	50.69	267.39	1.49	**1,365.24**	**3,896.76**	3,876.27
5.	Furniture, Fixtures & Office Equipments	48.85	2.04	1.70	0.99	**51.60**	35.32	1.45	3.18	0.75	**39.20**	**12.40**	13.53
6.	Vehicles & Aircraft	138.87	0.68	1.40	0.97	**139.98**	22.72	0.50	9.10	0.78	**31.54**	**108.44**	116.15
	Sub-Total	6,688.25	353.97	111.48	7.12	**7,146.58**	1,338.13	83.21	345.91	3.73	**1,763.52**	**5,383.06**	5,350.12
7.	**LEASED ASSETS :**												
	Distillery Division:												
	-Land	8.48	-	-	-	**8.48**	-	-	-	-	**-**	**8.48**	8.48
	-Buildings	11.51	-	-	-	**11.51**	2.95	-	0.72	-	**3.67**	**7.84**	8.56
	-Plant & Machinery	34.74	-	0.03	-	**34.77**	12.79	-	1.87	-	**14.66**	**20.11**	21.95
	-Furniture, Fixtures & Office Equipments	0.08	-	-	-	**0.08**	0.07	-	-	-	**0.07**	**0.01**	0.01
	Sub-Total	54.81	-	0.03	-	**54.84**	15.81	-	2.59	-	**18.40**	**36.44**	39.00
	Total (A)	6,743.06	353.97	111.51	7.12	**7,201.42**	1,353.94	83.21	348.50	3.73	**1,781.92**	**5,419.50**	5,389.12
(B) INTANGIBLE ASSETS :													
8.	Computer Software	3.32	-	0.15	-	**3.47**	2.80	-	0.32	-	**3.12**	**0.35**	0.52
	Total (B)	3.32	-	0.15	**-**	**3.47**	**2.80**	**-**	**0.32**	**-**	**3.12**	**0.35**	0.52
	Total (A) + (B)	6,746.38	353.97	111.66	7.12	**7,204.89**	1,356.74	83.21	348.82	3.73	**1,785.04**	**5,419.85**	5,389.64
	Previous Year Total	6,509.87	-	253.73	17.22	6,746.38	1,029.96	-	330.91	4.13	1,356.74	5,389.64	5,479.91
9.	Capital Work in Progress	24.29	-	20.56	37.45	**7.40**	-	-	-	-	-	**7.40**	24.29
	Total	6,770.67	353.97	132.22	44.57	**7,212.29**	1,356.74	83.21	348.82	3.73	**1,785.04**	**5,427.25**	5,413.93
	Previous Year Total	6,594.99	-	306.01	130.33	6,770.67	1,029.96	-	330.91	4.13	1,356.74	5,413.93	

Notes:

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

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

(iii) Deduction & Adjustments under Plant & Machinery includes `0.33 crore (P.Y. `0.80 crore) received on account of capital subsidy from Ministry of New and Renewable Energy (U & I Group) Government of India.

(iv) The Company had fair valued its certain fixed assets as at April 01, 2010 resulting into additions to gross block aggregating to `1,406.63 crore ( which includes Land `283.93 crore, Building `137.42 crore and Plant and Machinery `985.28 crore).The additonal depreciation on account of fair valuation of fixed assets aggregating to `60.65 crore has been debited to the Statement of Profit and Loss.

(v) During the year an amount of `67.76 crore (P.Y.`136.48 crore) capitalised towards exchange fluctuation loss on foreign currency loans as per the Notification dated 31.03.2009 further amended vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. (Refer Note 43)

(vi) Particulars of Capital work-in-progress:

` Crore

Capital Work in Progress:	As at Oct. 1, 2011	Additions On Amalgamation	Additions	Deductions & Adjustments	**As at Sept. 30, 2012**
Plant & Machinery / Civil Work In Progress	24.29	-	20.56	37.45	**7.40**
Total	24.29	-	20.56	37.45	**7.40**

12. Fixed assets

Previous year ` Crore

DESCRIPTION		GROSS BLOCK				DEPRECIATION				NET BLOCK
Sr. No.	Particulars	As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011	As at Oct. 1, 2010	For the year	Deductions & Adjustments	Upto Sept. 30, 2011	As at Sept. 30, 2011
(A)	**TANGIBLE ASSETS :**									
	OWN ASSETS :									
1.	Freehold Land	442.25	0.54	8.35	434.44	-	-	-	-	434.44
2.	LeaseholdLand	0.68	-	-	0.68	0.05	0.02	-	0.07	0.61
3.	Buildings	1,044.04	96.56	0.11	1,140.49	168.93	62.44	-	231.37	909.12
4.	Plant & Machinery	4,776.19	153.03	4.30	4,924.92	796.98	252.22	0.55	1,048.65	3,876.27
5.	Furniture, Fixtures & Office Equipments	46.47	2.40	0.02	48.85	31.98	3.36	0.02	35.32	13.53
6.	Vehicles & Aircraft	141.82	1.19	4.14	138.87	16.76	9.52	3.56	22.72	116.15
	Sub-Total	6,451.45	253.72	16.92	6,688.25	1,014.70	327.56	4.13	1,338.13	5,350.12
7.	**LEASED ASSETS :**									
	Distillery Division:									
	-Land	8.48	-	-	8.48	-	-	-	-	8.48
	-Buildings	11.51	-	-	11.51	2.15	0.80	-	2.95	8.56
	-Plant & Machinery	35.04	-	0.30	34.74	10.90	1.89	-	12.79	21.95
	-Furniture, Fixtures & Office Equipments	0.08	-	-	0.08	0.07	-	-	0.07	0.01
	Sub-Total	55.11	-	0.30	54.81	13.12	2.69	-	15.81	39.00
	Total (A)	6,506.56	253.72	17.22	6,743.06	1,027.82	330.25	4.13	1,353.94	5,389.12
(B)	**INTANGIBLE ASSETS :**									
8.	Computer Software	3.31	0.01		3.32	2.14	0.66	-	2.80	0.52
	Total (B)	3.31	0.01	-	3.32	2.14	0.66	-	2.80	0.52
	Total (A) + (B)	6,509.87	253.73	17.22	6,746.38	1,029.96	330.91	4.13	1,356.74	5,389.64
9.	Capital Work in progress	85.12	52.28	113.11	24.29				-	24.29
	Total	6,594.99	306.01	130.33	6,770.67	1,029.96	330.91	4.13	1,356.74	5,413.93

` Crore

Capital Work in Progress:	As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011
Plant & Machinery / Civil work in progress	85.12	52.28	113.11	24.29
Total	85.12	52.28	113.11	24.29

13. Non-current investments

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Trade investments		
In Equity Shares of Subsidiary companies		
Unquoted, fully paid up		
Nil (1,15,00,000) Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each*	**-**	114.91
2,70,01,000 (2,70,01,000) Shares in Bajaj Hindusthan (Singapore) Pte Ltd., Singapore of S$ 1/- each	**92.32**	92.32
50,00,000 (Nil) Shares of Bajaj Aviation Private Ltd. of ` 10/- each*	**5.00**	-
47,36,700 (47,36,700) Shares of Lalitpur Power Generation Company Ltd. of `10/- each	**234.98**	234.98
20,000 (20,000) Shares of Bajaj Power Generation Pvt. Ltd. of `10/- each	**0.02**	0.02
	332.32	442.23
In Preference Shares of Subsidiary company		
Unquoted, fully paid up		
Nil (1,00,00,000) 7% Redeemable Cumulative Non Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each*	**-**	10.00
Nil (6,00,00,000) 7% Redeemable Cumulative Optionally Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each*	**-**	60.00
	-	70.00
In Equity Shares of Associate		
Unquoted, fully paid up		
1,11,00,000 (78,00,000) Shares of Bajaj Energy Pvt. Ltd. of ` 10/- each**	**203.81**	137.81
11,48,400 (11,48,400) Shares of Bajaj Ebiz Pvt. Ltd. of `10/- each	**1.15**	1.15
Less: Provision for diminution in value of investments	**(1.15)**	(1.15)
	203.81	137.81
In Equity Shares of other companies		
Unquoted, fully paid up		
5,000 (5,000) Shares of Esugarindia Clearing Corporation Ltd. of `10/- each	**0.01**	0.01
Less: Provision for diminution in value of investments	**(0.01)**	(0.01)
	-	-
Trade Investments	**536.13**	650.04
Non-Trade investments		
In Equity Shares of other company		
Quoted, fully paid up		
9,750 (9,750) Shares of Mukand Ltd. of `10/- each	**0.03**	0.03
	0.03	0.03
In Preference Shares of other company		
Quoted, fully paid up		
2,437 (2,437) 0.01% Cumulative Redeemable Preference Shares of Mukand Ltd. of ` 10/- each `24,370/- (P.Y. `24,370/-)	**0.00**	0.00
	0.00	0.00
In Debentures of other company		
Unquoted, fully paid up		
3,70,48,321 (NIL) Zero Coupon Optionally Convertible Debentures of Phenil Sugars Pvt. Ltd. of `100/- each#	**370.48**	-
	370.48	-
Interest in a Beneficiary Trust	**693.72**	693.72
	693.72	693.72
Non-Trade Investments	**1,064.23**	693.75
	1,600.36	1,343.79
Aggregate Value of quoted investment	**0.03**	0.03
Market Value of quoted investment	**0.03**	0.03
Aggregate Value of unquoted investment	**1,600.33**	1,343.76

\# Issued on amalgamation of Govind Nagar Sugar Ltd. with Phenil Sugars Pvt. Ltd. on conversion of secured loan of `370.48 crore.
Bajaj Internacional Participações Ltda., the wholly owned subsidiary of the Company in Brazil, ceased to be a subsidiary w.e.f. January 26, 2012 consequent to completion of winding up process.

* Bajaj Eco-Tec Products Ltd (BEPL) a wholly owned subsidiary has been merged w.e.f. 01.04.2012 with Company. Bajaj Aviation Pvt. Ltd. a step down subsidiary of BEPL, has become wholly owned subsidiary of the Company on amalgamation of BEPL.

** Bajaj Energy Pvt. Ltd. (BEnPL) has ceased to be a subsidiary of the Company with effect from March 19, 2012 consequent upon allotment of further equity shares by BEnPL on March 19, 2012 resulting in reduction of the Company's shareholding from 51% to 26.07%, which was further increased to 26.96%.

14. Long-term loans and advances

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
(Unsecured considered good unless otherwise stated)		
Capital advances	**16.53**	3.13
Security deposits	**17.18**	16.19
Amount paid under protest	**2.75**	2.81
Advance payment of taxes (net of provisions)	**55.29**	52.38
Advances to related parties (Refer note 35)	**0.36**	0.36
	92.11	74.87

15. Other Non-current assets

(Unsecured considered good)		
Fixed deposit *	**1.68**	1.32
	1.68	1.32

* (Having maturity after 12 months from the reporting date and earmarked for specific purposes)

16. Current investments

Investment in Mutual fund-quoted, fully paid		
NIL (4,316) Nos. Unit of Franklin India Prima Plus - Growth Plan of ` 100/- each	**-**	0.05
	-	0.05

17. Inventories

(At cost or net realisable value whichever is lower. Unless otherwise, as certified and valued by the Management)		
- Raw materials	**12.46**	15.98
- Work-in-progress	**5.87**	0.29
- Finished goods	**426.68**	328.56
- Stores, spares & packing materials	**75.72**	72.05
- By-products	**37.51**	50.94
	558.24	467.82

18. Trade receivables

(Unsecured considered good unless otherwise stated)		
Outstanding for a period exceeding six months	**153.47**	101.82
Doubtful	**0.58**	0.46
Less : Provision	**(0.58)**	(0.46)
	-	-
Outstanding for a period less than six months	**38.55**	146.38
	192.02	248.20

19. Cash and bank balances

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Cash and cash equivalents		
- Cash on hand	**0.81**	0.98
- Cheques, draft on hand	**22.91**	30.09
Balances with banks		
- In current account	**154.44**	220.23
- In fixed deposits	**-**	330.61
	178.16	581.91
Other bank balances		
- Balances with bank (unpaid dividend)	**0.75**	0.65
- Fixed deposits*	**1.39**	1.21
	2.14	1.86
	180.30	583.77

* Includes `1.39 crore (P.Y. `1.21 crore) earmarked for specific purposes.

20. Short-term loans and advances

(Secured considered good)		
Loans & advances to others	**335.31**	675.71
(Unsecured considered good, unless otherwise stated)		
Loans & advances to related parties (Refer note 35)	**1,062.70**	159.92
Loans & advances to others	**8.70**	60.94
Doubtful	**2.29**	2.29
Less:- Provision for doubtful loans & advances	**(2.29)**	(2.29)
	-	-
Mat credit entitlement	**90.50**	90.50
Balances with excise department	**106.38**	150.20
Other Advances*	**132.23**	89.99
	1,735.82	1,227.26

* Includes advances given to suppliers, vendors and employees and other advances recoverable in cash or in kind.

20.1 Disclosure as per clause 32 of listing agreement:-

a) Loans and Advances given to Subsidiaries and Associates:

Name of Subsidiary / Associate Companies	Amount Outstanding		Maximum Outstanding balances	
	Sept. 30, 2012	Sept. 30, 2011	**Sept. 30, 2012**	Sept. 30, 2011
Bajaj Eco-Tec Products Ltd. (upto 31.03.2012)	**-**	133.92	**228.09**	133.92
Lalitpur Power Generation Company Ltd. (Advance against share application money)	**250.00**	-	**250.00**	-
Bajaj Power Generation Pvt. Ltd.	**734.16**	-	**784.03**	-
Bajaj Aviation Pvt. Ltd.	**6.54**	-	**6.61**	-
Bajaj Energy Pvt. Ltd. (Associate) (Advance against share application money)	**72.00**	26.00	**112.00**	26.00
	1,062.70	159.92	**1,380.73**	159.92

Notes:

(i) Loans and Advances shown above, to subsidiaries fall under the category of "Short Term Loans and Advances" in the nature of Loans where there is no repayment schedule and are repayable on demand.

(ii) The above loans and advances (outstanding) are interest bearing except advance against share application money.

(iii) Loans to employees as per Company's policy are not considered above.

21. Other current assets

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
(Unsecured considered good)		
Claim / refund recoverable in cash or in kind or for value to be received	**401.84**	415.47
Duty drawback receivable	**7.20**	6.43
Interest accrued	**0.48**	10.22
	409.52	432.12

22. Revenue from operations

	2011-2012 ` Crore	2010-2011 ` Crore
Sale of products	**4,361.44**	5,004.17
Other operating revenues	**51.98**	54.71
	4,413.42	5,058.88
Less: Excise duty	**150.79**	155.08
	4,262.63	4,903.80

22.1 Particulars of sale of products

Sugar*	**3,473.91**	4,512.06
Alcohol	**448.34**	356.79
Power	**146.99**	72.25
By products	**72.51**	63.07
Others	**55.78**	-
Traded goods	**163.91**	-
	4,361.44	5,004.17

*Includes sale of raw sugar

22.2 Particulars of other operating revenues

Duty drawback and other export incentives	**0.31**	-
Sale of export licenses	**21.55**	28.19
Sale of scrap	**3.98**	5.19
Others	**26.14**	21.33
	51.98	54.71

23. Other income

Dividend on long-term investment	**-**	0.60
Dividend on current investment	**1.22**	0.01
Profit on sale of current investment	**0.04**	-
Gain due to foreign exchange fluctuation (net)	**78.19**	-
Other non-operating income (net of expenses)	**26.70**	14.74
	106.15	15.35

24. Purchases and materials consumed*

Opening stock@	**35.90**	574.24
Purchases	**3,181.44**	2,181.12
	3,217.34	2,755.36
Less: Closing stock	**12.46**	15.98
Cost of raw material consumed (Refer note 30)	**3,204.88**	2,739.38
Purchase of traded goods	**161.13**	-
	3,366.01	2,739.38

@ Includes stock on amalgamation ` 19.92 crore

* Includes cost of raw material sold.

25. Changes in Inventories of finished goods and work-in-progress

	2011-2012 ` Crore	2010-2011 ` Crore
Opening stock:		
Finished goods	**328.56**	1,222.35
By-product	**50.94**	1.31
Work-in-progress	**0.29**	44.60
	379.79	1,268.26
Add: Stock on amalgamation		
Finished goods	**18.82**	-
By-product	**-**	-
Work-in-progress	**13.48**	-
	32.30	-
Less: Closing stock:		
Finished goods	**426.68**	328.56
By-product	**37.51**	50.94
Work-in-progress	**5.87**	0.29
	470.06	379.79
	(57.97)	888.47

26. Employee benefits expense

Salaries & wages	**169.86**	150.40
Contributions to Provident and other funds	**14.27**	13.26
Employee's welfare expenses	**7.80**	6.69
	191.93	170.35

26.1 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:

Defined Benefit Plan

a. Funded Scheme -Gratuity

Particulars	2011-2012 ` Crore	2010-2011 ` Crore
Liability to be recognised in Balance Sheet as at 30th September		
	27.01	24.85
Present value of Funded Obligations		
Fair Value of Plan Assets	**(14.93)**	(15.90)
Net Liability / (Asset)	**12.08**	8.95
Change in plan assets		
Fair Value of Plan Assets as at 01st October	**15.90**	16.08
Expected Return on Plan Assets	**1.23**	1.28
Actuarial Gain / (Losses)	**0.18**	0.16
Contributions	**0.42**	0.32
Benefits paid	**(2.80)**	(1.94)
Fair Value of Plan Assets as at 30th September	**14.93**	15.90
Change in obligation		
Defined benefit obligation as at 01st October	**24.85**	22.33
Defined benefit obligation of amalgamating company	**0.53**	-
Current service cost	**2.54**	2.68
Interest cost	**2.10**	1.89
Actuarial Losses / (Gain)	**(0.21)**	(0.11)
Benefits paid	**(2.80)**	(1.94)
Obligation as at 30th September	**27.01**	24.85
Expenditure to be recognised during the year		
Current service cost	**2.54**	2.68
Interest cost	**2.10**	1.89
Expected return on plan assets	**(1.23)**	(1.28)
Net Actuarial Losses / (Gain) recognised during the year	**(0.39)**	(0.27)
Total Expenditure included in "Employees Emoluments"	**3.02**	3.02
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%

b. Unfunded Scheme - Earned Leaves

Particulars	2011-2012 ` Crore	2010-2011 ` Crore
Present value of unfunded obligations	**9.15**	7.54
Expenses recognised in the statement of Profit and Loss	**3.61**	3.01
Discount rate (per annum)	**8.00%**	8.00%
Salary escalation rate (per annum)	**5.00%**	5.00%

Experience Adjustment

	2012 ` Crore	2011 ` Crore	2010 ` Crore	2009 ` Crore	2008 ` Crore
Defined benefit obligations	**27.01**	24.85	22.33	14.71	12.93
Plan assets	**(14.93)**	(15.90)	(16.08)	(6.37)	(7.22)
Surplus/(Deficit)	**12.08**	8.95	6.25	8.34	5.71
Exp. Adj on plan liabilities Loss / (Gain)	**(0.21)**	(0.11)	2.03	0.49	1.77
Exp. Adj on plan assets Gain / (Loss)	**0.18**	0.16	0.26	-	0.05

c. Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year ended September 30, 2012. The actuary has accordingly provided a valuation based on the below provided assumptions and there is no shortfall as at September 30, 2012.

Particulars	**2011-2012 ` Crore**
Plan assets as at year end, at fair value	**-**
Present value of benefit obligation at year end	**-**
Cost of shortfall in interest rate guarantee	**-**
Discount rate	**8.20%**
Average remaining tenure of the investment portfolio (years)	**8.88**
Expected guaranteed interest rate	**8.60%**

During the year ended September 30, 2012, amount recognised in statement of Profit and Loss for Employee Provident Fund is `6.51 crore (P.Y. `5.66 crore).

Defined Contribution Plan

	2011-2012 ` Crore	2010-2011 ` Crore
(i) Family pension fund	**4.10**	3.82
(ii) Employees deposit link insurance	**0.26**	0.24
(iii) Super annuation	**0.38**	0.32

27. Finance costs (net)

	2011-2012 ` Crore	2010-2011 ` Crore
Interest expense on:		
Borrowings	**608.43**	495.89
Others	**37.04**	122.45
Other borrowing costs	**15.81**	22.78
	661.28	641.12
Less: Interest income	**124.87**	125.17
Total	**536.41**	515.95

28. Depreciation and amortisation expense

Depreciation of tangible assets	**348.50**	330.25
Amortisation of intangible assets	**0.32**	0.66
Total	**348.82**	330.91

29. Other expenses

	2011-2012 ` Crore	2010-2011 ` Crore
Stores, spares and packing materials consumed	**112.68**	85.19
Increase/(decrease) of excise duty on inventories	**(2.64)**	(22.51)
Power and fuel	**21.39**	24.08
Rent	**3.63**	6.49
Rates and taxes	**0.45**	0.96
Repairs :		
Building	**2.57**	2.61
Machinery	**50.12**	46.55
Others	**4.13**	4.01
	56.82	53.17
Payment to auditors (refer note 29.1)	**0.51**	0.47
Insurance	**7.19**	8.66
Selling commission	**8.54**	10.71
Selling & distribution	**32.47**	30.25
Director fees	**0.11**	0.10
Donations	**0.10**	2.02
Loss due to foreign currency fluctuation (net)	**-**	1.40
Provision for doubtful debts / advances	**-**	0.03
Loss on assets sold / scrapped / written off	**1.80**	2.71
Miscellaneous expenses	**61.85**	51.42
	304.90	255.15

29.1 Payment to auditors *

	2011-2012 ` Crore	2010-2011 ` Crore
As auditors - statutory audit	**0.30**	0.30
For taxation matters	**0.04**	0.04
For certification work	**0.17**	0.13
	0.51	0.47

* `0.30 crore being fee related to rights issue adjusted against securities premium account and `30,000/- related to merger adjusted against general reserve, not included above.

30. Particulars of materials consumed*

	2011-2012		2010-2011	
	` Crore	% to total consumption	` Crore	% to total consumption
Imported				
- Raw Sugar	**178.26**	**5.56%**	574.70	20.98%
	178.26	**5.56%**	574.70	20.98%
Indigenous				
- Sugarcane	**2,959.97**	**92.36%**	2,143.54	78.25%
- Molasses	**37.50**	**1.17%**	17.50	0.64%
- Bagasse	**23.95**	**0.75%**	-	0.00%
- Others	**5.20**	**0.16%**	3.64	0.13%
	3,026.62	**94.44%**	2,164.68	79.02%
	3,204.88	**100.00%**	2,739.38	100.00%

*The above includes cost of raw sugar `15.64 crore (P.Y. `407.31 crore) exported.

31. Value of Spares and components consumed

	2011-2012		2010-2011	
	` Crore	% to total consumption	` Crore	% to total consumption
Imported	-	0.00%	-	0.00%
Indigenous	21.86	100.00%	1.64	100.00%
	21.86	100.00%	1.64	100.00%

32. Value of Import on CIF basis in respect of

	2011-2012 ` Crore	2010-2011 ` Crore
Spares and components	0.29	-
Others	1.33	-
	1.62	-

33. Expenditure in foreign currency

Interest	10.70	13.68
Travelling Expenses	0.10	0.06
Others	0.62	5.67
	11.42	19.41

34. Earning in foreign exchange

Export of goods on F.O.B. basis	30.43	643.95
Others	-	0.60
	30.43	644.55

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

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

Name of related parties	Description of relationship
i) Bajaj Aviation Private Ltd.	Subsidiary
ii) Bajaj Eco-tec Products Ltd.	Subsidiary (up to March 31, 2012)
iii) Bajaj Internacional Participações Ltda., Brazil	Subsidiary (up to January 26, 2012)
iv) Bajaj Hindusthan (Singapore) Pte Ltd., Singapore	Subsidiary
v) Lalitpur Power Generation Co. Ltd.	Subsidiary
vi) Bajaj Power Generation Pvt. Ltd.	Subsidiary
vii) Bajaj Energy Pvt. Ltd.	Associate (Subsidiary up to March 18, 2012)
viii) Mr. Shishir Bajaj	Chairman & Managing Director (Also key management personnel)
ix) Mr. Kushagra Bajaj	Vice Chairman and Joint Managing Director (Also key management personnel and also son of Mr. Shishir Bajaj)
x) Dr. Sanjeev Kumar	Director (Corporate and Legal Affairs) (Also key management personnel)
xi) Bajaj Capital Ventures Pvt. Ltd.	Enterprises over which key mangement personnel and their relatives are able to exercise significant influence
xii) Bajaj Holding & Investment Ltd.	
xiii) Bajaj Infrastructure Development Company Ltd.	

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

Transactions	Subsidiaries	Key Management Personnel	Associates	Enterprises described in (xi to xiii) above	Total
I. Transactions during the period					
Purchase of Capital Goods	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(28.83)	(28.83)
Sale of Goods	**45.49**	**-**	**-**	**-**	**45.49**
	(330.84)	(-)	(-)	(-)	(330.84)
Interest received	**57.56**	**-**	**-**	**-**	**57.56**
	(12.47)	(-)	(-)	(-)	(12.47)
Rent received	**0.31**	**-**	**0.32**	**-**	**0.63**
	(0.63)	(-)	(-)	(-)	(0.63)
Rent Paid	**-**	**-**	**-**	**0.72**	**0.72**
	(-)	(-)	(-)	(0.72)	(0.72)
Remuneration	**-**	**5.29**	**-**	**-**	**5.29**
	(-)	(4.84)	(-)	(-)	(4.84)
Dividends received	**-**	**-**	**-**	**-**	**-**
	(0.60)	(-)	(-)	(-)	(0.60)
Investment made	**-**	**-**	**66.00**	**-**	**66.00**
	(235.00)	(-)	(-)	(-)	(235.00)
Investment Sold/ Brought back	-	-	-	-	-
	(4.55)	(-)	(-)	(-)	(4.55)
Advance given (Project)	-	-	-	-	-
	(-)	(-)	(-)	(50.00)	(50.00)
Advance given (Project) repaid	-	-	-	-	-
	(-)	(-)	(-)	(50.00)	(50.00)
Advance against share application money	**250.00**	**-**	**234.00**	**-**	**484.00**
	(26.00)	(-)	(-)	(-)	(26.00)
Refund of advance against share application money	**-**	-	**122.00**	-	**122.00**
	(-)	(-)	(-)	(-)	(-)
Loans given	**1,507.19**	**-**	**-**	**-**	**1,507.19**
	(243.28)	(-)	(-)	(-)	(243.28)
Loans given repaid	**770.51**	**-**	**-**	**-**	**770.51**
	(109.54)	(-)	(-)	(-)	(109.54)
Guarantees Given	**2,483.93**	**-**	**-**	**-**	**2,483.93**
	(2,060.81)	(-)	(-)	(-)	(2,060.81)
II. Amounts Outstanding at Balance Sheet date					
Loans given	**740.70**	**-**	**-**	**-**	**740.70**
	(133.92)	(-)	(-)	(-)	(133.92)
Other Debtors	-	-	-	-	-
	(69.26)	(-)	(-)	(-)	(69.26)
Deposits given	**-**	**-**	**-**	**0.36**	**0.36**
	(-)	(-)	(-)	(0.36)	(0.36)
Advance against share application money	**250.00**	**-**	**72.00**	-	**322.00**
	(26.00)	(-)	(-)	(-)	(26.00)
Investments	**332.32**	**-**	**203.81**	**-**	**536.13**
	(650.04)	(-)	(-)	(-)	(650.04)
Guarantees given	**2,882.93**	-	**157.11**	-	**3,040.04**
	(2,409.33)	(-)	(-)	(-)	(2,409.33)

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 ` NIL (P.Y. ` 28.83 crore) from Bajaj Infrastructure Development Company Ltd.
4. Sale of Goods Includes ` 21.00 crore (P.Y. ` 280.75 crore) to Bajaj Hindusthan (Singapore) Pvt. Ltd., Singapore and ` 23.84 crore (P.Y. ` 48.84 crore) to Bajaj Eco-Tec Products Ltd.
5. Interest received includes ` 11.72 crore (P.Y. ` 12.47 crore) from Bajaj Eco-Tec Products Ltd. And ` 45.46 crore (P.Y. Nil) from Bajaj Power Generation Private Limited on loan given to them.
6. Remuneration includes ` 1.91 crore (P.Y. ` 2.18 crore) to Mr. Shishir Bajaj, ` 1.38 crore (P.Y. ` 1.44 crore) to Mr. Kushagra Bajaj and ` 2.00 crore (P.Y. ` 1.22 crore) to Dr. Sanjeev Kumar.
7. Advance Given (Project) includes ` NIL (P.Y. ` 50.00 crore) to Bajaj Infrastructure Development Company Ltd.
8. Advance Given (Project) repaid includes ` NIL (P.Y. ` 50.00 crore) from Bajaj Infrastructure Development Company Ltd.
9. Advance given (Against allotment of Shares) includes ` 250.00 crore (P.Y. NIL) to Lalitpur Power Generation Company Ltd. and ` 234.00 crore (P.Y. ` 26.00 crore) to Bajaj Energy Pvt. Ltd.
10. Advance given (Against allotment of Shares) refunded of ` 122.00 crore (P.Y. Nil) from Bajaj Energy Private Ltd.
11. Rent received includes ` 0.63 crore (P.Y. ` 0.63 crore) from Bajaj Energy Pvt. Ltd.
12. Rent paid includes ` 0.72 crores (P.Y. ` 0.72 crores) to Bajaj Capital Ventures Pvt. Ltd.
13. Investment made includes ` 66.00 crore (P.Y. NIL) in Bajaj Energy Pvt. Ltd. and ` NIL (P.Y. ` 234.98 crore) in Lalitpur Power Generation Company Ltd.
14. Investment brought back of ` NIL (P.Y. ` 4.55 crore) of Bajaj International Participacoes Ltda., Brazil.
15. Loans given includes ` 93.75 crore (P.Y. ` 243.28 crore) to Bajaj Eco-Tec Products Limited and ` 1,413.25 crore (P.Y. Nil) to Bajaj Power Generation Pvt. Ltd.
16. Loans given repaid includes ` 50.00 crore (P.Y. ` 109.36 crore) from Bajaj Eco-Tec Products Ltd and ` 720.00 crore (P.Y. Nil) from Bajaj Power Generation Pvt. Ltd.
17. Guarantees Given includes ` 2,483.93 (P.Y. 1,824.00 crore) to Lalitpur Power Generation Company Ltd.
18. Dividend received includes ` Nil (P.Y. 0.60 crore) from Bajaj International Participacoes Ltds., Brazil.

36. Contingent Liabilities and Commitments

	2011-2012 ` Crore	2010-2011 ` Crore
(I) Contingent liabilities		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts:		
(i) Central excise matters	**33.28**	32.04
(ii) Trade tax matters	**29.49**	8.50
(iii) Other claims	**33.21**	46.24
	95.98	86.78
(b) Guarantees		
The Company has furnished guarantees / securities on behalf of subsidiary / associate company	**3,040.04**	2,409.33
(II) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**15.44**	4.09
(c) Erstwhile Bajaj Eco-Tec Products Ltd. 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	**22.24**	-

(d) The Income tax assessment of the Company has been completed upto Assessment Year 2009-10. 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.

37. Future Obligation towards lease rental

- Not later than one year	**2.88**	2.88
- Later than one year but not later than five years	**7.39**	10.27
- 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.		

38. Earnings Per Share

(i) Net profit after tax as per Statement of Profit and Loss attributable to Equity shareholders	**(234.57)**	12.00
(ii) Weighted average number of equity shares used as denominator for calculating EPS (In Crore)	**60.57**	22.84
(iii) Basic and diluted earning per share	**(3.87)**	0.53
(iv) Face value per equity share	**`1/-**	`1/-

39. Derivative Instruments

Derivative instruments outstanding are as under:	As at September 30, 2012		As at September 30, 2011	
	Forward Contract	**Option**	Forward Contract	Option
	USD Crore	**JPY/USD Crore**	USD Crore	JPY/USD Crore
Loans taken	**-**	**-**	-	804.23
Creditors (USD)	**1.10**	**-**		
(All the derivative instruments have been acquired for hedging purposes.)				
Foreign currency exposures that are not hedged				
Debtors (USD)	**-**	**-**	0.28	-
Creditors (USD)	**1.84**	**-**	-	-
PCFC (USD)	**0.59**	**-**	-	
FCCB (USD)	**1.50**	**-**	1.50	-
ECB (USD)	**5.99**	**-**	16.54	-
ECB (JPY)	**-**	**-**	114.89	-

40. 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 September 14, 2012, sanctioning the Scheme of Amalgamation of Bajaj Eco-Tec Products Limited (BEPL or Amalgamating Company) a wholly owned subsidiary company with the Company with effect from the appointed date April 01, 2012. Upon filing with the Registrar of Companies Maharashtra, Mumbai on October 01, 2012, the Scheme has become effective. BEPL is engaged in the business of manufacturing Medium Density Fibre (MDF) Boards and Particle Boards.

a) In terms of the Scheme approved by the Hon'ble High Court, the entire business and whole of the undertaking of BEPL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2012 being the Appointed Date.

b) As BEPL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation.

c) Accounting for Amalgamation: The amalgamation of BEPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standards (AS)-14 on Accounting for Amalgamation specified in the Companies (Accounting Standard) Rules 2006 and in terms of the Scheme, as below.

d) All assets and liabilities of BEPL were recorded at their respective book values under the respective accounting heads of BHL. The intercompany balances and transaction stood cancelled. As a result of merger, there is no deficit or surplus arising between the aggregate value of assets taken over by the Company and aggregate value of the liabilities and reserves of BEPL. The cost or expenses related to merger amounting to ` 0.68 crore have been adjusted with general reserve of the Company, as per the Scheme.

e) From the effective date the authorised share capital of the Company will be ` 271.00 crore divided into 2,71,00,00,000 equity shares of the face value of `1 each.

f) BEPL stands dissolved without being wound up from the Effective Date i.e. October 01, 2012.

41. The Company concluded a Rights Issue in October 2011 and raised an aggregate of `1,479.75 crore with the principal object of repaying/prepaying certain loan funds. Upon allotment of 41,10,42,800 equity shares of face value `1/- at a price of ` 36/- per share (including share premium of `35/- per share) on October 31, 2011, the paid up Equity Share Capital and Share Premium Account have increased by `41.10 crore and ` 1,438.65 crore respectively. These newly allotted shares rank pari passu in all respect with the existing equity shares of the Company. Out of the net Rights issue proceeds, an aggregate sum of `1,453.73 crore have been utilised towards objects of the issue upto September 30, 2012. Pending utilisation, the balance proceeds have been temporarily used to reduce the exposure of working capital borrowings from banks, which will be redrawn as and when necessary to meet the obligations as per the object of the issue.

42. As required by paragraph 46 inserted vide notification dated March 31, 2009 to the Accounting Standard AS-11 "The Effect of Changes in Foreign Exchange Rates", the Company had already opted to adjust the exchange fluctuations on Long Term Monetary Items to the carrying cost of fixed assets. Further as per paragraph 46A, inserted vide notification dated December 29, 2011 to AS-11, the Company has adjusted `67.76 crore being the loss on exchange fluctuation on long-term monetary items for the financial year September 30, 2012 to carrying cost of fixed assets. The unamortised foreign exchange fluctuation capitalised to fixed assets, amounts to `323.19 crore as at September 30, 2012.

43. Due to absence of profits during the year, the managerial personnel have been paid the remuneration as approved by shareholders and remuneration committee as minimum remuneration along with the approval of Central Government, wherever applicable.

44. Pursuant to the General Circular no. 2/2011 dated 8th February, 2011 of Ministry of Corporate Affairs and consent of the Board of Directors vide their resolution passed at the Board Meeting held on November 26, 2012 for not attaching the Balance Sheets of subsidiaries, the Company has not attached with its Balance Sheet as at September 30, 2012, the documents specified in Section 212(1) of the Act in respect of its four subsidiaries, viz. (i) Bajaj Aviation Private Limited, (ii) Lalitpur Power Generation Company Limited, (iii) Bajaj Power Generation Private Limited, (iv) Bajaj Hindusthan (Singapore) Private Limited, and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2012 in Annexure A.

45. For the year ended September 30, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

Signatures to Notes "1" to "46"

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

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/associates (collectively referred to as 'the Group') as at 30th September, 2012, and the related Consolidated Statement of Profit and Loss 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 a subsidiary, whose financial statements reflects total assets of `9.92 crore as at 30th September, 2012, total revenue of `0.96 crore and cash out flows amounting to `1.15 crore for the year then ended. These financial statements and other financial information have been audited by other auditor whose reports have been furnished to us, and our opinion is based solely on the report of other auditor.

4. We have relied on the unaudited financial statements of the certain subsidiary companies whose financial statements reflect total assets of `5,618.69 crore as at 30th September, 2012, total revenue of `127.36 crore and cash flows amounting to `177.94 crore for the year ending September 30, 2012. 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.

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, AS 23, Accounting for Investments in Associates in 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 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 30th September, 2012;

   (ii) in the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and

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

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 26, 2012

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 30th September, 2012, the Consolidated Statement of Profit and Loss 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 a subsidiary. The financial statements of this subsidiary for the year ended 30th September, 2012 have been audited by other auditor whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiary, is based solely on this report. The attached consolidated financial statements include assets of `9.92 crore as at 30th September, 2012, revenues of `0.96 crore and cash outflows amounting to `1.15 crore in respect of the aforementioned subsidiary for the year then ended.

2. We have relied on the unaudited financial statements of the subsidiaries whose financial statements reflect total assets of `5,618.69 crore as at 30th September, 2012, total revenue of `127.36 crore and cash inflows amounting to `177.94 crore for the year ending 30th September, 2012. 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 abovementioned 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 30th September, 2012;

(ii) In the case of the Consolidated Statement of Profit and Loss, of the loss 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 **B S R & Company**
Chartered Accountants
Firm's Registration No: 128032W

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
26 November 2012

Consolidated Balance Sheet as at September 30, 2012

Particulars	Note	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
EQUITY AND LIABILITIES:			
Shareholders' funds			
Share capital	3	**63.94**	22.84
Reserves and surplus	4	**3,926.61**	2,868.82
Sub total		**3,990.55**	2,891.66
Minority interest		**225.04**	905.10
Non-current liabilities			
Long-term borrowings	5	**1,500.69**	3,862.36
Deferred tax liabilities (net)	6	**-**	87.45
Other long-term liabilities	7	**914.14**	0.67
Long-term provisions	8	**32.94**	28.52
Sub total		**2,447.77**	3,979.00
Current liabilities			
Short-term borrowings	9	**6,091.25**	3,200.83
Trade payables	10	**236.40**	300.18
Other current liabilities	11	**1,408.42**	2,778.75
Short-term provisions	12	**13.07**	15.03
Sub total		**7,749.14**	6,294.79
Total		**14,412.50**	14,070.55
ASSETS:			
Non-current assets			
Fixed assets			
Tangible assets	13	**5,497.91**	5,740.45
Intangible assets	13	**1.89**	0.59
Capital work-in-progress	13	**1,819.31**	2,221.43
Non-current investments	14	**1,223.36**	693.75
Deferred tax assets (net)	6	**4.64**	-
Long-term loans and advances	15	**2,914.57**	2,429.40
Other non-current assets	16	**32.24**	1.32
Sub total		**11,493.92**	11,086.94
Current assets			
Current investments	17	**-**	0.16
Inventories	18	**558.24**	507.23
Trade receivables	19	**193.58**	188.43
Cash and bank balances	20	**512.78**	739.47
Short-term loans and advances	21	**1,200.88**	1,073.29
Other current assets	22	**453.10**	475.03
Sub total		**2,918.58**	2,983.61
Total		**14,412.50**	14,070.55

See accompanying notes (1 to 43) to the financial statements.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Consolidated Statement of Profit and Loss for the year ended September 30, 2012

Particulars	Note	2011-2012 ` Crore	2010-2011 `Crore
INCOME:			
Revenue from operations			
Other income	23	**4,344.06**	5,063.47
Total Income	24	**107.24**	18.43
		4,451.30	5,081.90
EXPENSES:			
Purchases and materials consumed	25	**3,430.56**	2,800.89
Changes in inventories of finished goods and work-in-progress	26	**(72.10)**	888.25
Employee benefits expense	27	**200.20**	187.40
Finance costs (net)	28	**599.17**	550.72
Depreciation and amortisation expense	29	**361.52**	323.44
Other expenses	30	**328.35**	302.67
Total Expenses		**4,847.70**	5,053.37
Profit/ (Loss) before exceptional items and tax		**(396.40)**	28.53
Exceptional Items:			
Surplus on cessation of subsidiary		**(28.63)**	-
Profit/(Loss) before tax		**(367.77)**	28.53
Tax expenses			
Current tax		**-**	16.07
Tax relating to earlier years		**0.99**	(3.31)
Mat credit entitlement reversed		**-**	6.60
Deferred tax	6	**(92.09)**	3.60
Wealth tax		**-**	0.12
		(91.10)	23.08
Less: Mat credit entitlement		**-**	16.00
		(91.10)	7.08
Profit/(Loss) after tax		**(276.67)**	21.45
Less: Minority interest		**1.25**	-
Less: Pre acquisition of loss (P.Y. `40,044/-)		**-**	0.00
Add: Share of loss of associate after tax		**(44.69)**	-
Profit/(Loss) attributable to consolidated group		**(320.11)**	21.45
Earnings per equity share of face value of `1/- each			
Basic and Diluted	33	**(5.28)**	0.94

See accompanying notes (1 to 43) to the financial statements.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Consolidated Cash Flow Statement for the year ended September 30, 2012

Particulars	2011-2012 ` Crore	2010-2011 ` Crore
A. Cash flow from operating activities:		
Net profit/ (Loss) before exceptional items and tax	**(396.40)**	28.53
Adjustment for:		
Depreciation & amortisation	**361.52**	323.44
(Gain) / loss due to foreign exchange fluctuation	**(3.65)**	2.58
Loss/ (surplus) on sale of fixed assets (net)	**1.76**	(1.40)
Finance costs	**667.29**	664.17
Dividend / income from current and long term investment received	**(1.22)**	(0.01)
Profit on sale of investment	**(0.03)**	-
Interest income	**(68.12)**	(113.45)
	957.55	875.33
Operating profit before working capital changes	**561.15**	903.86
Adjustment for:		
Trade and other receivables	**(169.21)**	(32.35)
Inventories	**(74.37)**	1,460.20
Trade and other payables	**(856.94)**	(394.09)
Cash generated from operations	**(539.37)**	1,937.62
Direct taxes paid	**(19.15)**	(48.85)
Net cash (used in)/ from operating activities	**(558.52)**	1,888.77
B. Cash flow from investing activities:		
Purchase of fixed assets	**(2,143.67)**	(3,825.82)
Sale of fixed assets	**1.49**	13.75
Purchase of investments includes investment in associate	**(372.00)**	(308.72)
Sale of investments	**332.19**	308.71
Loans and advances	**(86.69)**	(120.35)
Dividend received	**1.22**	0.01
Interest received	**77.89**	103.20
Advance against share application money	**(410.75)**	-
Pre acquisition loss of subsidiary (P.Y. `40,044/-)	**-**	0.00
Exchange fluctuation reserve on consolidation	**10.24**	(4.55)
Net cash used in investing activities	**(2,590.08)**	(3,833.77)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	**186.25**	2,791.04
Repayment of long term borrowings	**(1,609.17)**	(1,402.11)
Proceeds from short term borrowings (net of repayments)	**2,952.08**	727.11
Advance against share application money (net)	**819.00**	-
Rights issue of equity shares & premium thereon	**1,479.75**	-
Issue expenses-rights issue / merger expenses	**(7.12)**	(32.77)
Minority interest	**(153.00)**	702.13
Interest paid	**(689.00)**	(625.47)
Dividend paid (including tax thereon)	**(28.18)**	(18.48)
Net cash from financing activities	**2,950.61**	2,141.45
Net increase/(decrease) in cash and cash equivalents	**(197.99)**	196.45
Cash and cash equivalents (opening balance)	**722.22**	525.77
Cash and cash equivalents on cessation of subsidiary	**(14.64)**	-
Cash and cash equivalents (closing balance)	**509.59**	722.22

Notes:-

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Companies (Accounting Standards) Rules, 2006.
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Notes forming part of financial statements

Corporate information

1. Bajaj Hindusthan Limited is a public limited company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and The National Stock Exchange of India Limited. The Company is engaged in the manufacture of sugar, alcohol and generation of power.

2. Significant accounting policies

2.1 Basis of Accounting:

The financial statements of Bajaj Hindusthan Limited ('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 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

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

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

2.2 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, 2012	Financial Year ends on
Subsidiaries:			
Bajaj Eco-Tec Products Ltd. (refer note 38)	India	-	31.03.2012
Bajaj Aviation Private Ltd.	India	100.00%	30.09.2012
Bajaj Energy Private Ltd. (refer note 14)	India	-	31.03.2012
Bajaj Hindusthan (Singapore) Pte Ltd.#	Singapore	100.00%	31.03.2012
Lalitpur Power Generation Company Ltd.#	India	51.21%	31.03.2012
Bajaj Power Generation Private Ltd.#	India	100.00%	31.03.2012
Associates:			
Bajaj Ebiz Pvt. Ltd.*	India	49.50%	31.03.2012
Bajaj Energy Private Ltd. (refer note 14)	India	26.96%	31.03.2012

#Management has compiled the accounts for year ended September 30, 2012 in order to consolidate the accounts with that of the Holding Company.

*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 "Notes to Financial Statements" of the Company and Subsidiary Companies.

3. Share capital

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Authorised:		
1,80,00,00,000 (1,80,00,00,000) Equity Shares of `1/- each	**180.00**	180.00
	180.00	180.00
Issued:		
68,50,71,333 (68,50,71,333) Equity Shares of `1/- each	**68.51**	68.51
	68.51	68.51
Subscribed and Paid up:		
63,93,99,911 (22,83,57,111) Equity Shares of `1/- each	**63.94**	22.84
	63.94	22.84

(i) Detail of shares allotted without payment being received in cash during five years immediately preceding the Balance Sheet date are given below:
3,70,00,000 (3,70,00,000) Equity Shares have been issued, for consideration other than cash to the members of erstwhile Bajaj Hindusthan Sugar and Industries Limited pursuant to Scheme of Amalgamation.

(ii) The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at Sept. 30, 2012**	As at Sept. 30, 2011
	No. of Shares	No. of Shares
Equity Shares (with voting rights) at the beginning of the year	**22,83,57,111**	19,13,57,111
Add: Shares issued on exercise of rights (rights issue)	**41,10,42,800**	-
Add: Shares issued pursuant to Scheme of Amalgamation	**-**	3,70,00,0,00
Equity Shares at the end of the year	**63,93,99,911**	22,83,57,111

(iii) Terms/Rights of Equity Shares:
The company has one class of equity shares having par value of `1/- per share. All equity shares are ranking pari passu in all respects including dividend. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The details of Shareholders holding more than 5% shares:

	As at Sept. 30, 2012		As at Sept. 30, 2011	
Name of Shareholders	**No. of Shares**	**% held**	No. of Shares	% held
1. Bajaj Resources Ltd.	**8,19,44,455**	**12.82%**	-	-
2. Trustees - Shishir Bajaj Family Trust	**6,4948,632**	**10.16%**	5,03,72,240	22.06%
3. Global World Power Projects Pvt. Ltd.	**4,11,11,121**	**6.43%**	-	-
4. Trustees - BHL Securities Trust *			3,11,00,000	13.62%
5. Life Insurance Corporation of India	**4,1026,922**	**6.42%**	1,36,74,734	5.99%
6. Bajaj Holdings and Investment Ltd *			1,30,68,511	5.72%
7. Janus Overseas Fund	**3,62,76,761**	**5.67%**	1,22,53,642	5.37%

*During the current year, the percentage of holding is less than 5%.

(v) Option on unissued capital:
FCCB's of US$ 1.50 crore amounting to `79.04 crore (P.Y. `73.39 crore) shown under long-term borrowings (refer note 5) issued in the month of June 2007 and can be converted at the option of the bond holder into one equity share at `250 per equity share, at a pre-determined exchange rate of US$ 1= `42.42 at any time up to April 26, 2014.

4. Reserves and surplus

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
Capital redemption reserve		
Opening balance	**0.05**	0.05
Closing balance	**0.05**	0.05
Capital reserve		
Opening balance	**8.91**	8.91
On cessation of subsidiary (Refer Note 14)	**(8.91)**	-
Closing balance	**-**	8.91
Securities premium		
Opening balance	**2,454.72**	2,450.13
Rights issue of equity shares (Refer Note 40)	**1,438.65**	-
Provision of merger expenses written back	**3.83**	-
Excess provision of tax on premium on redemption of FCCBs	**-**	9.45
Changes in provision of premium & withholding tax thereon on redemption of FCCBs	**(1.58)**	(4.86)
Preliminary expenses written off	**(0.69)**	-
Expenses related to rights issue	**(37.87)**	-
Closing balance	**3,857.06**	2,454.72
General reserve		
Opening balance	**410.00**	400.00
Transferred from statement of profit and loss	**-**	9.01
Transferred from reserve for molasses storage tanks	**1.14**	0.99
Transferred to statement of profit and loss	**(255.58)**	-
Merger expenses	**(0.68)**	-
Closing balance	**154.88**	410.00
Debenture redemption reserve		
Opening balance	**-**	66.25
Transferred from Statement of profit and loss	**-**	(66.25)
Closing balance	**-**	-
Reserve for molasses storage tanks		
Opening balance	**3.13**	3.81
Transferred to Statement of profit and loss	**0.37**	0.31
Transferred to general reserve	**(1.14)**	(0.99)
Closing balance	**2.36**	3.13
Stock option outstanding		
Opening balance	**15.30**	15.30
Closing balance	**15.30**	15.30
Exchange Fluctuation Reserve on consolidation of overseas subsidiaries		
Opening balance	**(3.77)**	0.78
Change during the year	**10.24**	(4.55)
Transfer from statement of profit and loss	**(0.03)**	-
Closing balance	**6.44**	(3.77)
Statement of profit and loss (surplus/(deficit))		
Opening balance	**(19.52)**	(84.26)
Profit/(Loss) for the year	**(320.11)**	21.45
Amount transfer from debenture redemption reserve	**-**	66.25
Proposed dividend & corporate dividend tax written back	**1.45**	-
Appropriations:		
Transferred to reserve for molasses storage tanks	**(0.37)**	(0.31)
Transferred to general reserve	**-**	(9.01)
Transferred from general reserve	**255.58**	-
Dividend paid on equity shares	**(16.44)**	(2.59)
Tax on dividend paid on equity shares	**(2.67)**	(0.43)
Transfer to exchange fluctuation reserve	**0.03**	-
Proposed dividend	**(6.39)**	(9.14)
Corporate dividend tax	**(1.04)**	(1.48)
Closing balance	**(109.48)**	(19.52)
	3,926.61	2,868.82

5. Long-term borrowings

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
From banks		
- Secured	**1,151.34**	3,335.13
	1,151.34	3,335.13
From others		
- Secured	**269.21**	452.97
- Unsecured*	**80.14**	74.26
	349.35	527.23
	1,500.69	3,862.36

*Includes FCCB's of US$ 1.50 crore amounting to `79.04 crore (P.Y. `73.39 crore) issued in the month of June 2007 and can be converted at the option of the bond holder into one equity share at `250 per equity share, at a pre-determined exchange rate of US$ 1= `42.42 at any time up to April 26, 2014.

5.1 Maturity Profile

` Crore

			Maturity Profile					
Particulars	**Interest (%)**	**Outstanding as at Sept. 30, 2012**	**Current Maturities (0-1 Year)**	**2nd Year**	**3rd Year**	**4th Year**	**Beyond 4 Years**	**Details of Securities**
Term Loans (Secured)								
From Banks	11.25%-16.50%	1,941.61	790.27	453.87	429.70	257.77	10.00	Refer note (i), (ii) & (v) below
From others								
International Financial Corporation (ECB)	LIBOR+1.46%	315.42	100.72	78.85	54.34	54.34	27.17	Refer note (iii) below
Sugar Development Fund (SDF)	4.00%	84.53	30.02	24.93	13.07	9.91	6.60	Refer note (iv) below
Total - from others		399.95	130.74	103.78	67.41	64.25	33.77	
Total - Secured		**2,341.56**	**921.01**	**557.65**	**497.11**	**322.02**	**43.77**	
Term Loans (Unsecured)								
From others								
Department of Commercial Taxes of Uttar Pradesh	Interest free	1.10	-	-	0.49	0.39	0.22	
Foreign Currency Convertible Bonds (FCCB's)	LIBOR+1.00%	79.04	-	79.04	-	-	-	
Total - From others		80.14	-	79.04	0.49	0.39	0.22	
Total - Unsecured		**80.14**	**-**	**79.04**	**0.49**	**0.39**	**0.22**	
Grand Total		**2,421.70**	**921.01**	**636.69**	**497.60**	**322.41**	**43.99**	

(i) Term Loans from Banks (except IDBI Bank term loan of `130 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 certain term loans are 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.

(ii) Term Loan of `130 crore from IDBI Bank is secured/to be secured on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties of the Company. Documentation for mortgage in respect of certain properties is under finalisation.

(iii) Term Loans (ECB) in foreign currency from IFC of `315.42 crore is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with buildings and structures thereon and 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 current assets (present and future) related to the factories at aforesaid four locations.

(iv) The Sugar Development Fund loan (SDF) from Government of India 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 `24.10 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.

(v) Term Loans from Punjab National Bank of `4.33 crore related with amalgamating company Bajaj Eco-Tec Products Ltd. (BEPL) are secured on first pari passu charge basis by hypothecation of the whole of the present and future movable fixed assets and properties including plant and machinery, machinery spares, tools and accessories and other movables of the Company and also secured / to be secured on first pari passu charge basis by mortgage (by deposit of title deeds) on whole of the present and future immovable fixed assets and properties of the amalgamating company.

6. Deferred tax liabilities / (assets) (net)

	As at Oct. 1, 2011 ` Crore	During the year ` Crore	**As at Sept. 30, 2012 ` Crore**
Deferred tax liabilities:			
Depreciation and amortisation	528.31	(6.62)	**521.69**
	528.31	(6.62)	**521.69**
Deferred tax assets:			
Provision for employee benefits	5.65	1.54	**7.19**
Provision for doubtful debts/advances	0.09	-	**0.09**
Carry forward losses and unabsorbed depreciation	435.12	83.93	**519.05**
	440.86	85.47	**526.33**
Deferred tax liabilities / (assets) (net)	87.45	(92.09)	**(4.64)**

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
7. Other long-term liabilities		
Payable - capital goods	**95.12**	0.67
Advance against share application money	**819.00**	-
Security and other Deposits	**0.02**	-
Total	**914.14**	0.67
8. Long-term provisions		
Gratuity	**8.02**	6.32
Leave encashment	**8.91**	7.61
Premium on redemption of FCCBs	**16.01**	14.59
Total	**32.94**	28.52
9. Short-term borrowings		
Loan from banks		
-Secured	**4,891.26**	2,532.60
Unsecured	**419.99**	668.05
	5,311.25	3,200.65
Loan from others		
-Unsecured	**780.00**	0.18
	780.00	0.18
Total	**6,091.25**	3,200.83

(i) Loan from banks (working capital / short term loan facilities) except working capital / short term loans of `3,374.95 crore and `63.99 crore (refer note (ii) to (vi) below) are secured, on first pari passu charge basis, by hypothecation of 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.

(ii) Cash credit limit of `50 crore from UCO Bank is secured by way of subservient charge on fixed assets (excluding land and building) and current assets of the Company.

(iii) Short term loans of `400 crore is secured by subservient pari passu charge on the entire asset both present and future, short term loan of `450 crore is secured by subservient pari passu charge on the entire fixed assets both present and future and Short term loan of `200 crore is secured by subservient pari passu charge on the entire asset (excluding land & building) both present and future.

(iv) Short term loan of `250 crore from Bank of Maharashtra is secured by way of residual charge on the assets of the Company by way of hypothecation.

(v) Working capital loans of `63.99 crore from banks in respect of amalgamating company i.e. (BEPL) are secured on first pari passu charge basis by hypothecation of present and future inventories, book debts and other receivables and further secured on a second pari passu charge basis by hypothecation of the whole of present and future movable fixed assets and properties and also secured on a second pari passu charge basis by mortgage on whole of present and future immoveable fixed assets and properties of the amalgamating company.

(vi) In case of a subsidiary (Lalitpur Power Generation Company Limited) rupee term loan from banks of `2,024.95 crore are secured/to be secured, on first pari passu charge basis, by hypothecation of the whole of the present and future movable fixed assets and current assets of that company.

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
10. Trade payables		
Micro, Small and Medium Enterprises	**0.45**	-
Others	**235.95**	300.18
	236.40	300.18
The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under :		
Particulars		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
– Principal	**0.45**	-
– Interest	**0.01**	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	**-**	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	**0.49**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	**0.01**	-
11. Other current liabilities		
Current maturities of Long term borrowings (refer note 5.1)	**921.01**	1,696.23
Interest accrued but not due on borrowings	**59.98**	81.31
Interest accrued and due on borrowings	**-**	0.38
Payable - capital goods	**328.30**	-
Unclaimed dividends#	**0.75**	0.65
Unclaimed matured deposits and interest accrued thereon	**0.08**	0.08
Other payables*	**98.30**	1,000.10
	1,408.42	2,778.75

#These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

*Includes statutory dues, security deposits, advances from customers and other liabilities.

12. Short-term provisions		
Gratuity	**4.41**	3.41
Leave encashment	**1.23**	1.00
Proposed dividend	**6.39**	9.14
Tax on proposed dividend	**1.04**	1.48
	13.07	15.03

13. Fixed Assets (Current year)

` Crore

Sr. No.	DESCRIPTION Particulars	GROSS BLOCK As at Oct. 1, 2011	Additions	Deductions & Adjustments	As at Sept. 30, 2012	DEPRECIATION As at Oct. 1, 2011	For the year	Deductions & Adjustments	Upto Sept. 30, 2012	NET BLOCK As at Sept. 30, 2012	As at Sept. 30, 2011
(A) TANGIBLE ASSETS :											
Own Assets :											
1.	Freehold Land	489.51	8.85	0.32	**498.04**	-	-	-	**-**	**498.04**	489.51
2.	Leasehold Land	0.80	16.52	16.64	**0.68**	0.16	0.19	0.25	**0.10**	**0.58**	0.64
3.	Buildings	1,234.31	53.80	31.76	**1,256.35**	258.54	69.89	0.72	**327.71**	**928.64**	975.77
4.	Plant & Machinery	5,175.72	546.05	458.85	**5,262.92**	1,090.31	276.10	1.13	**1,365.28**	**3,897.64**	4,085.41
5.	Furniture, Fixtures & Office Equipment	60.69	4.59	7.45	**57.83**	37.20	4.44	1.43	**40.21**	**17.62**	23.49
6.	Vehicles & Aircraft	151.61	2.63	1.26	**152.98**	24.98	9.85	0.80	**34.03**	**118.95**	126.63
	Subtotal	7,112.64	632.44	516.28	**7,228.80**	1,411.19	360.47	4.33	**1,767.33**	**5,461.47**	5,701.45
7.	**Leased Assets:**										
	Distillery Division										
	- Land	8.48	-	-	**8.48**	-	-	-	**-**	**8.48**	8.49
	- Buildings	11.51	-	-	**11.51**	2.95	0.72	-	**3.67**	**7.84**	8.56
	- Plant & Machinery	34.74	0.03	-	**34.77**	12.79	1.87	-	**14.66**	**20.11**	21.95
	- Furniture, Fixtures & Office Equipments	0.08	-	-	**0.08**	0.07	-	-	**0.07**	**0.01**	0.01
	Subtotal	54.81	0.03	-	**54.84**	15.81	2.59	-	**18.40**	**36.44**	39.01
	Total (A)	7,167.45	632.47	516.28	**7,283.64**	1,427.00	363.06	4.33	**1,785.73**	**5,497.91**	5,740.46
(B) INTANGIBLE ASSETS :											
8.	Computer Software	3.39	8.56	6.66	**5.29**	2.80	1.31	0.71	**3.40**	**1.89**	0.59
	Total (B)	3.39	8.56	6.66	**5.29**	2.80	1.31	0.71	**3.40**	**1.89**	0.59
	Total (A)+(B)	7,170.84	641.03	522.94	**7,288.93**	1,429.80	364.37	5.04	**1,789.13**	**5,499.80**	5,741.05
	Previous Year Total	6,866.80	321.43	17.39	7,170.84	1,109.77	324.27	4.24	1,429.80	5,741.04	5,757.03
9.	Capital Work-in-progress	2,221.43	2,017.40	2,419.52	**1,819.31**	-	-	-	-	**1,819.31**	2,221.43
	Grand Total	9,392.27	2,658.43	2,942.46	**9,108.24**	1,429.80	364.37	5.04	**1,789.13**	**7,319.11**	7,962.48
	Previous Year Grand Total	7,179.24	2,344.92	131.89	9,392.27	1,109.77	324.27	4.24	1,429.80	7,962.47	

Note:

(i) Building includes an amount of `500/- being value of 10 shares of `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) Deduction & adjustments to gross block includes `517.92 crore on account of cessation of subsidiary Bajaj Energy Private Ltd. (BEnPL) w.e.f. March 19, 2012.

(iv) Deduction & adjustments to gross block under Plant & Machinery includes `0.33 crore (P.Y. `0.80 crore) received on account of capital subsidy from Ministry of New and Renewable Energy (U & I Group), Government of India.

(v) Deduction & adjustments to depreciation includes `2.26 crore on account of cessation of subsidiary (BEnPL) w.e.f. March 19, 2012.

(vi) During the year, an amount of `69.65 crore (P.Y. `140.46 crore) capitalised towards exchange fluctuation loss on foreign currency loans as per the Notification dated March 31, 2009 further amended vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs.

(vii) The Company had fair valued its certain fixed assets as at April 01, 2010 resulting into additions to gross block aggregating to `1,406.63 crore (which includes Land `283.93 crore, Building `137.42 crore and Plant and Machinery `985.28 crore).The additonal depreciation on account of fair valuation of fixed assets aggregating to `60.65 crore has been debited to the statement of profit & loss.

(viii) Particulars of Capital Work-in-Progress

` Crore

Particulars	As at Oct. 1, 2011	Additions	Deductions & adjustments	As at Sept. 30, 2012
Plant & Machinery / Civil Work-in-Progress	1,767.92	1,443.94	1,964.23	**1,247.63**
Preoperative Project Expenses:				
Manpower Cost	36.27	26.13	26.45	**35.95**
Power and Fuel	1.45	(0.22)	1.23	**-**
Rent	1.20	2.13	0.85	**2.48**
Rates and Taxes	10.75	11.47	1.79	**20.43**
Repairs - others	-	1.30	-	**1.30**
Insurance	9.60	0.25	9.57	**0.28**
Trial Run Expenses/Loss	-	126.52	126.52	**-**
Professional Charges	84.18	20.41	88.18	**16.41**
Miscellaneous Expenses	24.28	41.67	6.90	**59.05**
Interest	186.05	334.42	180.20	**340.27**
Finance Charges	98.81	7.26	12.40	**93.67**
Depreciation	0.92	2.12	1.20	**1.84**
Sub total Preoperative Project Expenses	453.51	573.46	455.29	**571.68**
Total	2,221.43	2,017.40	2,419.52	**1,819.31**

(ix) Deductions & Adjustments of capital work-in-progress includes `1,877.45 crore on account of cessation of subsidiary (BEnPL) w.e.f. March 19, 2012.

` Crore

Depreciation debited to the Statement of profit and loss	**361.52**
Depreciation debited to Capital work-in-progress	**2.12**
Depreciation debited to Capital work-in-progress (Trial Run)	**0.73**
Total Depreciation for the year	**364.37**

13. Fixed Assets (Previous year)

` Crore

Sr. No.	DESCRIPTION Particulars	GROSS BLOCK As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011	DEPRECIATION As at Oct. 1, 2010	For the year	Deductions & Adjustments	NET BLOCK Upto Sept. 30, 2011	As at Sept. 30, 2011
(A) TANGIBLE ASSETS :										
	Own Assets :									
1.	Freehold Land	444.22	53.64	8.35	489.51	-	-	-	-	489.51
2.	Leasehold Land	0.80	-	-	0.80	0.13	0.03	-	0.16	0.64
3.	Buildings	1,136.94	97.48	0.11	1,234.31	188.99	69.55	-	258.54	975.77
4.	Plant & Machinery	5,022.53	157.48	4.29	5,175.72	853.86	237.00	0.55	1,090.31	4,085.41
5.	Furniture, Fixtures & Office Equipment	49.62	11.09	0.02	60.69	33.15	4.07	0.02	37.20	23.49
6.	Vehicles & Aircraft	154.27	1.66	4.32	151.61	18.38	10.27	3.67	24.98	126.63
	Subtotal	6,808.38	321.35	17.09	7,112.64	1,094.51	320.92	4.24	1,411.19	5,701.45
7.	**Leased Assets:**									
	Distillery Division									
	- Land	8.48	-	-	8.48	-	-	-	-	8.48
	- Buildings	11.51	-	-	11.51	2.15	0.80	-	2.95	8.56
	- Plant & Machinery	35.04	-	0.30	34.74	10.90	1.89	-	12.79	21.95
	- Furniture, Fixtures & Office Equipments	0.08	-	-	0.08	0.07	-	-	0.07	0.01
	Subtotal	55.11	-	0.30	54.81	13.12	2.69	-	15.81	39.00
	Total (A)	6,863.49	321.35	17.39	7,167.45	1,107.63	323.61	4.24	1,427.00	5,740.45
(B) INTANGIBLE ASSETS :										
8.	Computer Software	3.31	0.08	-	3.39	2.14	0.66	-	2.80	0.59
	Total (B)	3.31	0.08	-	3.39	2.14	0.66	-	2.80	0.59
	Total (A)+(B)	6,866.80	321.43	17.39	7,170.84	1,109.77	324.27	4.24	1,429.80	5,741.04
9.	Capital Work in progress	312.44	2,023.49	114.50	2,221.43	-	-	-	-	2,221.43
	Grand Total	7,179.24	2,344.92	131.89	9,392.27	1,109.77	324.27	4.24	1,429.80	7,962.47

(i) Particulars of Capital Work in Progress:

` Crore

Particulars	As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011
Plant & Machinery / Civil Work in Progress	276.66	1,605.76	114.50	1,767.92
Preoperative Project Expenses:				
Manpower Cost	2.47	33.80	-	36.27
Power and Fuel	0.17	1.28	-	1.45
Rent	0.16	1.04	-	1.20
Rates and Taxes	0.74	10.01	-	10.75
Insurance	7.28	2.32	-	9.60
Professional Charges	-	84.18	-	84.18
Miscellaneous Expenses	7.31	16.97	-	24.28
Interest	10.99	175.06	-	186.05
Finance Charges	6.57	92.24	-	98.81
Depreciation	0.09	0.83	-	0.92
Sub Total Preoperative Project Expenses	35.78	417.73	-	453.51
Total	312.44	2,023.49	114.50	2,221.43

` Crore

Depreciation debited to the statement of profit & loss	323.44
Depreciation debited to Capital work in progress	0.83
Total Depreciation for the year	324.27

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
14. Non-current investments		
Trade investments		
In Equity Shares of associate		
Unquoted, fully paid up		
1,11,00,000 (Nil), Shares of Bajaj Energy Pvt. Ltd. of `10/- each*		
Share in net assets	**176.52**	-
Goodwill/ (Capital reserve)	**(12.70)**	-
Equity investment in associate - At cost	**163.82**	-
Investment made during the year	**40.00**	-
	203.82	-
Share of loss of associate after tax	**(44.69)**	-
	159.13	-
11,48,400 (11,48,400) Shares of Bajaj Ebiz Pvt. Ltd. of `10/- each	**1.15**	1.15
Less: Provision for diminution in value of investments	**(1.15)**	(1.15)
	159.13	-
In Equity Shares of other companies		
5,000 (5,000) Shares of Esugarindia Clearing Corporation Ltd. of `10 each	**0.01**	0.01
Less: Provision for diminution in value of investments	**(0.01)**	(0.01)
Trade Investments	**159.13**	-
Non-Trade investments		
In Equity Shares of other company		
Quoted, fully paid up		
9,750 (9,750) Shares of Mukand Ltd. of `10/- each	**0.03**	0.03
	0.03	0.03
In Preference Shares of other company		
Quoted, fully paid up		
2,437 (2,437) 0.01% Cumulative Redeemable Preference Shares of Mukand Ltd. of `10/- each-`24,370/- (P.Y.`24,370/-)	**0.00**	0.00
	0.00	0.00
In Debentures of other company Unquoted, fully paid up		
3,7,0,48,321 (NIL) Zero coupon Optionally Convertible Debentures of Phenil Sugars Pvt Ltd. of `100/- each#	**370.48**	-
	370.48	-
Interest in a Beneficiary Trust	**693.72**	693.72
	693.72	693.72
Non-Trade Investments	**1,064.23**	693.75
	1,223.36	693.75
Aggregate Value of quoted investment	**0.03**	0.03
Market Value of quoted investment	**0.03**	0.05
Aggregate Value of unquoted investment	**1,223.33**	693.72

#Issued on amalgamation of Govind Nagar Sugar Ltd. with Phenil Sugars Pvt.Ltd. on conversion of secured loan of `370.48 crore

*Bajaj Energy Pvt. Ltd. (BEnPL) has ceased to be a subsidiary of the Company with effect from March 19, 2012 consequent upon allotment of further equity shares by BEnPL on March 19, 2012 resulting in reduction of the Company's shareholding from 51% to 26.07%, which was further increased to 26.96%.

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
15. Long-term loans and advances		
(Unsecured considered good unless otherwise stated)		
Capital advances	**2,835.60**	2,355.66
Security deposits	**17.79**	17.10
Other advances recoverable in cash or in kind or for value to be received	**2.75**	0.65
Amount paid under protest	**2.75**	2.81
Advance payment of taxes (net of provisions)	**55.32**	52.82
Advances to related parties (refer note 36)	**0.36**	0.36
	2,914.57	2,429.40
16. Other non-current assets		
(Unsecured considered good)		
In Fixed deposit accounts*	**3.77**	1.32
Other bank balances#	**28.47**	-
	32.24	1.32

*(Having maturity after 12 months from the reporting date and earmarked for specific purposes)
#(Earmarked for specific purposes)

17. Current investments		
Investment in Mutual fund-quoted, fully paid		
NIL (4,316) Nos. Units of Franklin India Prima Plus -Growth Plan of `100/- each	**-**	0.05
NIL (98,475) Nos.Units of Punjab National Bank, Dividend Reinvestment Monthly Plan of `10/- each	**-**	0.11
	-	0.16
18. Inventories		
(At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the management)		
-Raw materials	**12.46**	31.96
-Work-in-progress	**5.87**	4.95
-Finished goods	**426.68**	342.07
-Stores, spares & packing materials	**75.72**	77.31
- By-products	**37.51**	50.94
	558.24	507.23
19. Trade receivables		
(Unsecured considered good unless otherwise stated)		
Outstanding for a period exceeding six months	**153.47**	41.68
Doubtful	**0.58**	0.58
Less : Provision	**(0.58)**	(0.58)
	-	-
Outstanding for a period less than six months	**40.11**	146.75
	193.58	188.43

	As at Sept. 30, 2012 ` Crore	As at Sept. 30, 2011 ` Crore
20. Cash and bank balances		
Cash and cash equivalents		
-Cash on hand	**0.89**	1.13
-Cheques, draft on hand	**22.91**	30.09
Balances with banks		
-In current account	**485.79**	262.35
-In fixed deposits	**-**	428.65
	509.59	722.22
Other bank balances		
-Balances with banks (unpaid dividend)	**0.75**	0.65
-Fixed deposits*	**2.44**	16.60
	3.19	17.25
	512.78	739.47

* Includes `2.44 crore (P.Y. `16.60 crore) earmarked for specific purposes.

21. Short-term loans and advances		
(Secured considered good)		
Loans & advances to others	**335.31**	675.71
(Unsecured considered good, unless otherwise stated)		
Loans & advances to related parties (Refer note 36)	**72.00**	-
Loans & advances to others (including advance against share application money)	**456.32**	60.95
Doubtful	**2.29**	2.29
Less: Provision for doubtful loans & advances	**(2.29)**	(2.29)
	-	-
MAT credit entitlement	**90.71**	90.71
Balances with excise department	**106.38**	150.38
Security deposits	**0.56**	0.65
Other advances*	**139.60**	94.89
	1,200.88	1,073.29

*Includes advances given to suppliers, vendors and employees and other advances recoverable in cash or in kind.

22. Other current assets		
(Unsecured considered good)		
Claim/refund recoverable in cash or in kind or for value to be received	**445.42**	458.25
Duty drawback receivable	**7.20**	6.43
Interest accrued	**0.48**	10.35
	453.10	475.03

	2011-2012 ` Crore	2010-2011 ` Crore
23. Revenue from operations		
Sale of products / services	**4,442.15**	5,162.18
Other operating revenues	**52.69**	56.37
	4,494.84	5,218.55
Less: Excise duty	**150.78**	155.08
	4,344.06	5,063.47
23.1 Particulars of sale of products / services		
Sugar*	**3,520.24**	4,571.73
Alcohol	**448.34**	356.80
Power	**144.21**	54.10
By products	**55.60**	33.83
Others	**108.89**	144.76
Traded goods	**163.91**	-
Aircraft services	**0.96**	0.96
	4,442.15	5,162.18

*Includes sale of raw sugar

23.2 Particulars of other operating revenues		
Duty drawback and other export incentives	**0.31**	-
Sale of export licenses	**21.55**	28.19
Sale of scrap	**4.69**	8.10
Others	**26.14**	20.08
	52.69	56.37
24. Other income		
Dividend on long term investment `22,497/- (P.Y. `9,752/-)	**0.00**	0.00
Dividend on current investment	**1.22**	0.01
Profit on sale of current investment	**0.03**	-
Gain due to foreign exchange fluctuation (net)	**78.64**	4.05
Other non-operating income (net of expenses)	**27.35**	14.37
	107.24	18.43
25. Purchases and materials consumed*		
Opening stock	**31.96**	596.24
Purchases	**3,249.93**	2,236.61
	3,281.89	2,832.85
Less: Closing stock	**12.46**	31.96
Cost of raw material consumed	**3,269.43**	2,800.89
Purchase of traded goods	**161.13**	-
	3,430.56	2,800.89

*Includes cost of raw material sold

26. Changes in inventories of finished goods and work-in-progress		
Opening stock:		
Finished goods	**342.07**	1,232.72
By-product	**50.94**	1.31
Work-in-progress	**4.95**	52.18
	397.96	1,286.21
Less: Closing stock:		
Finished goods	**426.68**	342.07
By-product	**37.51**	50.94
Work-in-progress	**5.87**	4.95
	470.06	397.96
	(72.10)	888.25

	2011-2012 ` Crore	2010-2011 ` Crore
27. Employee benefits expense		
Salaries & wages	**177.61**	165.94
Contributions to Provident and other funds	**14.61**	13.90
Employee's welfare expenses	**7.98**	7.56
	200.20	187.40

27.1 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:

a. Funded Scheme - Gratuity	**2011-2012 ` Crore**	2010-2011 ` Crore
Particulars		
Liability to be recognised in Balance Sheet as at 30th September		
Present value of funded obligations	**27.34**	25.63
Fair Value of plan assets	**(14.93)**	(15.90)
Net liability / (asset)	**12.41**	9.73
Change in plan assets		
Fair Value of plan assets as at 1st October	**15.90**	16.08
Expected return on plan assets	**1.23**	1.28
Actuarial gain / (losses)	**0.18**	0.16
Contributions	**0.48**	0.32
Benefits paid	**(2.86)**	(1.94)
Fair value of plan assets as at 30th September	**14.93**	15.90
Change in Obligation		
Defined benefit obligation as at 1st October	**25.63**	22.80
Defined benefit obligation of amalgamating company	**0.53**	-
Current service cost	**2.75**	2.68
Interest cost	**2.11**	1.89
Actuarial losses / (gain)	**(0.82)**	0.20
Benefits paid	**(2.86)**	(1.94)
Obligation as at 30th September	**27.34**	25.63
Expenditure to be recognised during the year		
Current service cost	**2.75**	2.68
Interest cost	**2.11**	1.89
Expected return on plan assets	**(1.23)**	(1.28)
Net actuarial losses /(gain) recognised during the year	**(1.00)**	0.03
Total expenditure included in "Employees Emoluments"	**2.63**	3.32
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%

b. Unfunded Scheme - Earned Leaves	2011-2012 ` Crore	2010-2011 ` Crore
Particulars		
Present value of unfunded obligations	**10.13**	8.62
Expenses recognised in the statements of Profit and loss	**3.61**	3.01
Discount rate (per annum)	**8.00%**	8.00%
Salary escalation rate (per annum)	**5.00%**	5.00%

c. Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are notified by the Government annually. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year ended September 30, 2012. The actuary has accordingly provided a valuation based on the below provided assumptions and there is no shortfall as at September 30, 2012.

	2011-2012 ` Crore
Plan assets at year end, at fair value	**-**
Present value of benefit obligation at year end	**-**
Cost of short fall in interest rate guarantee	**-**
Discount rate	**8.20%**
Average remaining tenure of the investment portfolio (years)	**8.88**
Expected guaranteed interest rate	**8.60%**

Provident fund obligation in respect of employees who are not member of the trust, is deposited with provident fund authorities. During the year ended September 30, 2012, amount recognised in statement of profit and loss for Employee Provident fund is `7.81 crore (P.Y. `6.89 crore).

	2011-2012 ` Crore	2010-2011 ` Crore
28. Finance costs (net)		
Interest expense on:		
Borrowings	**613.82**	525.37
Others	**37.04**	109.98
Other borrowing costs	**16.43**	28.82
	667.29	664.17
Less:		
Interest income	**68.12**	113.45
	599.17	550.72
29. Depreciation and amortisation expense		
Depreciation of tangible assets	**361.20**	322.78
Amortisation of intangible assets	**0.32**	0.66
	361.52	323.44

	2011-2012 ` Crore	2010-2011 ` Crore
30. Other expenses		
Stores, spares and packing materials consumed	**114.62**	90.43
Increase/(decrease) of excise duty on inventories	**(2.64)**	(22.50)
Power and fuel	**23.05**	33.71
Rent	**3.91**	6.48
Rates and taxes	**0.64**	0.96
Repairs :		
Building	**2.68**	3.01
Machinery	**52.79**	50.24
Others	**4.13**	4.21
	59.60	57.46
Payment to auditors (Refer note 30.1)	**0.58**	0.50
Insurance	**7.52**	9.84
Selling commission	**8.54**	10.71
Selling & distribution	**41.34**	49.17
Director fees	**0.11**	0.10
Donations	**0.10**	2.02
Provision for doubtful debts / advances	**-**	0.15
Loss on assets sold / scrapped / written off	**1.80**	2.71
Miscellaneous expenses	**69.18**	60.93
	328.35	302.67
30.1 Payment to auditors*		
As auditors- statutory audit	**0.36**	0.33
For taxation matters	**0.05**	0.04
For companies law matters	**0.17**	0.13
Reimbursement of expenses- `9,612/-(P.Y. `47,727/-)	**0.00**	0.00
	0.58	0.50

*`0.30 crore being fee related to rights issue adjusted against securities premium account and `30,000/- related to merger adjusted against general reserve, not included above.

31. Contingent Liabilities and Commitments

(I) Contingent liabilities		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts:		
(i) Central excise matters	**33.28**	32.12
(ii) Trade tax matters	**29.49**	8.59
(iii) Other claims	**52.44**	52.12
(b) Guarantees/ Letter of Credit given	**-**	0.11
(c) 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	**22.24**	24.98

(d) The Company and its subsidiaries 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.

(II) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	**5,992.46**	7,003.60

	2011-2012 ` Crore	2010-2011 ` Crore
32. Future Obligation towards lease rental		
- Not later than one year	**2.88**	2.88
- Later than one year but not later than five years	**7.39**	10.27
- 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.

33. Earnings Per Share

(i) Net profit after tax as per statement of profit and loss attributable to equity shareholders	**(320.11)**	21.45
(ii) Weighted average number of equity shares used as denominator for calculating EPS (In Crore)	**60.57**	22.84
(iii) Basic and Diluted earning per share	**(5.28)**	0.94
(iv) Face value per equity share	**`1/-**	`1/-

34. Derivative Instruments

Derivative instruments outstanding are as under:	**As at September 30, 2012**		As at September 30,2011	
	Forward Contract	**Option**	Forward Contract	Option
	USD Crore	**JPY/USD Crore**	USD Crore	JPY/USD Crore
Loans taken	**-**	**-**	69.51	804.23
Creditors (USD)	**1.10**	**-**	-	-
(All the derivative instruments have been acquired for hedging purposes.)				
Foreign currency exposures that are not hedged:				
Debtors (USD)	**-**	**-**	0.28	-
Creditors (USD)	**1.84**	**-**	-	-
PCFC (USD)	**0.59**	**-**	-	-
FCCB (USD)	**1.50**	**-**	1.50	-
ECB (USD)	**5.99**	**-**	16.54	-
ECB (JPY)	**-**	**-**	114.89	-

35. Segment Information:

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

Primary Segment Information:

Particulars	**Sept. 30, 2012 ` Crore**	Sept. 30, 2011 ` Crore
1. Segment revenue		
a. Sugar	**3,633.80**	4,562.73
b. Distillery	**419.25**	335.68
c. Power	**334.68**	204.01
d. Others	**273.76**	145.72
Total	**4,661.49**	5,248.14
Less : Inter-segment revenue	**370.12**	241.04
Net Sales / Income from operations	**4,291.37**	5,007.10

Particulars	**Sept. 30, 2012**	Sept. 30, 2011
	` Crore	` Crore
2. Segment results		
(Profit (+)/ Loss(-) before tax and interest)		
a. Sugar	**(243.10)**	335.39
b. Distillery	**150.25**	119.69
c. Power	**275.76**	161.03
d. Others	**(21.85)**	(6.40)
Total	**161.06**	609.71
Less: (i) Interest (Net)	**599.17**	550.72
(ii) Other Un-allocable expenditure net off	**-**	
Un-allocable income	**(70.34)**	30.46
Total Profit before tax	**(367.77)**	28.53
3. Segment assets:		
a. Sugar	**5,314.29**	5,479.56
b. Distillery	**498.35**	518.96
c. Power	**6,067.39**	5,303.27
d. Others	**416.06**	425.73
Total	**12,296.09**	11,727.52
Add: Unallocated corporate assets	**2,111.77**	2,343.03
Total assets	**14,407.86**	14,070.55
4. Segment liabilities:		
a. Sugar	**98.94**	321.34
b. Distillery	**16.69**	13.05
c. Power	**1,276.70**	39.90
d. Others	**28.00**	19.45
Total	**1,420.33**	393.74
Add: Unallocated corporate liabilities	**263.55**	1,032.72
Total liabilities	**1,683.88**	1,426.46
5. Capital expenditure:		
a. Sugar	**70.07**	165.19
b. Distillery	**5.06**	10.54
c. Power	**2,514.68**	3,784.47
d. Others	**2.45**	5.62
e. Unallocated	**4.05**	2.09
Total	**2,596.31**	3,967.91
6. Depreciation and amortisation:		
a. Sugar	**267.92**	260.58
b. Distillery	**27.22**	27.12
c. Power	**33.85**	32.77
d. Others	**23.01**	(7.05)
e. Unallocated	**9.52**	10.02
Total	**361.52**	323.44
7. Non cash expenditure other than depreciation:		
a. Sugar	**Nil**	Nil
b. Distillery	**Nil**	Nil
c. Power	**Nil**	Nil
Total	**Nil**	Nil

Other disclosure:

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 cannot be allocated to segment on reasonable basis have been disclosed as unallocable.

36. 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) Name of related parties

A. Associates and Joint Ventures
Bajaj Energy Private Ltd. (w.e.f. March 19, 2012)

B. Directors and their relatives
Mr. Shishir Bajaj - Chairman & Managing Director (Key management personnel)
Mr. Kushagra Bajaj - Vice Chairman & Joint Managing Director (Also Key management personnel) and also son of Mr. Shishir Bajaj
Dr. Sanjeev Kumar Director (Corporate and Legal Affairs) (Key management personnel).

C. Key Management Personnel
Mr. S.N.M. Tripathi Whole Time Director, Lalitpur Power Generation Company Limited

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 Infrastructure Development Company Ltd
3. Bajaj Power Venture Private. Ltd.
4. Bajaj Corp Ltd.
5. Carbery Infrastructure Pte. Ltd.

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

Transactions	Directors/ Key Management Personnel	Associate	Enterprises described in (D) above	Total
I. Transaction during the year				
Purchase of Capital Goods	**-**	**-**	**217.70**	**217.70**
	(-)	(-)	(1,535.63)	(1,535.63)
Rendering of Services	**-**	-	**93.75**	**93.75**
	(-)	(-)	(1.79)	(1.79)
Rent received	**-**	**0.31**	**-**	**0.31**
	(-)	(-)	(-)	(-)
Remuneration	**5.84**	**-**	**-**	**5.84**
	(5.92)	(-)	(-)	(5.92)
Rent Paid	**-**	**-**	**0.72**	**0.72**
	(-)	(-)	(0.72)	(0.72)
Equity Share Capital Issued (Including Premium)	**-**	**-**	**150.81**	**150.81**
	(-)	(-)	(74.20)	(74.20)
Investment made	**-**	**66.00**	**-**	**66.00**
	(-)	(-)	(-)	(-)
Advance against share application money received refunded	**-**	**112.00**	**646.00**	**758.00**
	-	-	(627.93)	(627.93)
Advance given (Project)	**-**	**-**	**796.50**	**796.50**
	(-)	(-)	(859.82)	(859.82)
Advance given (Project) Repaid	**-**	**-**	**(-)**	**(-)**
	(-)	(-)	(50.00)	(50.00)
Guarantee taken	**-**	**-**	**(-)**	**(-)**
	(-)	(-)	(550.00)	(550.00)

Transactions	Directors/ Key Management Personnel	Associate	Enterprises described in (D) above	Total
II. Amounts Outstanding at the Balance Sheet date				
Deposits given	**-**	**-**	**0.36**	**0.36**
	(-)	(-)	(0.36)	(0.36)
Advance given (Project)	**-**	**-**	**1,531.85**	**1,531.85**
	(-)	(-)	(1,053.01)	(1,053.01)
Advance against share application money	**-**	**72.00**	**819.00**	**891.00**
	(-)	(-)	(-)	(-)
Investments	**-**	**362.94**	**-**	**362.94**
	(-)	(-)	(-)	(-)
Guarantee given	**-**	**157.11**	**-**	**157.11**
	(-)	(-)	(-)	(-)
Creditors (Services)	**-**	**-**	**14.17**	**14.17**
	(-)	(-)	(1.88)	(1.88)

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 `217.70 crore (P.Y. `1,535.63 crore) from Bajaj Infrastructure Development Company Ltd.
4. Rendering of Services includes `93.75 crore (P.Y. `1.79 crore) from Carbery Infrastructure Pte. Ltd.
5. Remuneration includes `1.91 crore (P.Y. ` 2.18 crore) to Mr. Shishir Bajaj, ` 1.38 crore (P.Y. `1.44 crore) to Mr. Kushagra Bajaj and ` 2.00 crore (P.Y. ` 1.22 crore) to Dr. Sanjeev Kumar.
6. Rent Paid includes `0.72 crore (P.Y. `0.72 crore) to Bajaj Capital Ventures Pvt. Ltd.
7. Equity Share Capital issued includes `150.81 crore (P.Y. `74.20 crore) to Bajaj Power Venture Pvt.Ltd.
8. Advance share application money Received includes `646.00 crore (P.Y. `627.93 crore) from Bajaj Power Ventures Pvt. Ltd.
9. Advance given (Project) includes `796.50 crore (P.Y. `859.82 crore) to Bajaj Infrastructure Development Company Ltd.
10. Advance given (Project) Repaid includes ` Nil (P.Y. `50.00 crore) from Bajaj Infrastructure Development Company Ltd.
11. Guarantee taken includes ` Nil (P.Y. ` 550.00 crore) from Bajaj Corp Ltd.

37. Bajaj International Participacoes Ltd., the wholly owned subsidiary of the Company in Brazil, ceased to be a subsidiary w.e.f. January 26, 2012 consequent to completion of winding-up process.

38. 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 September 14, 2012, sanctioning the Scheme of Amalgamation of Bajaj Eco-Tec Products Limited (BEPL or Amalgamating Company) a wholly owned subsidiary company with the Company with effect from the appointed date April 01, 2012. Upon filing with the Registrar of Companies Maharashtra, Mumbai on October 01, 2012, the Scheme has become effective. BEPL is engaged in the business of manufacturing Medium Density Fibre (MDF) Boards and Particle Boards.

a) In terms of the Scheme approved by the Hon'ble High Court, the entire business and whole of the undertaking of BEPL, as a going concern stands transferred to and vested in the Company with effect from April 01, 2012 being the Appointed Date.

b) As BEPL was a wholly owned subsidiary of the Company, no consideration was payable pursuant to amalgamation.

c) Accounting for Amalgamation: The amalgamation of BEPL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamation specified in the Companies (Accounting Standards) Rules 2006 and in terms of the Scheme, as below.

d) All assets and liabilities of BEPL were recorded at their respective book values under the respective accounting heads of BHL. The intercompany balances and transaction stood cancelled. As a result of merger, there is no deficit or surplus arising between the aggregate value of assets taken over by the Company and aggregate value of the liabilities and reserves of BEPL. The cost or expenses related to merger amounting to `0.68 crore have been adjusted with General Reserve of the Company, as per the Scheme.

e) From the effective date the authorised share capital of the Company will be `271.00 crore divided into 2,71,00,00,000 equity shares of the face value of `1/- each.

f) BEPL stands dissolved without being wound up from the Effective Date i.e. October 01, 2012.

39. For the year ended September 30, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

40. The Company concluded a Rights Issue in October 2011 and raised an aggregate of `1,479.75 crore with the principal object of repaying/prepaying certain loan funds. Upon allotment of 41,10,42,800 equity shares of face value `1/- at a price of `36/- per share (including share premium of `35/- per share) on October 31, 2011, the paid up Equity Share Capital and Share Premium Account have increased by `41.10 crore and `1,438.65 crore respectively. These newly allotted shares rank pari passu in all respect with the existing equity shares of the Company. Out of the net Rights Issue proceeds, an aggregate sum of `1,453.73 crore have been utilised towards objects of the issue upto September 30, 2012. Pending utilisation, the balance proceeds have been temporarily used to reduce the exposure of working capital borrowings from banks, which will be redrawn as and when necessary to meet the obligations as per the object of the issue.

41. As required by paragraph 46 inserted vide notification dated March 31, 2009 to the Accounting Standard AS-11 "The Effect of Changes in Foreign Exchange Rates", the Company had already opted to adjust the exchange fluctuations on Long Term Monetary Items to the carrying cost of fixed assets. Further as per paragraph 46A, inserted vide notification dated December 29, 2011 to AS-11, the Company has adjusted `69.65 crore being the loss on exchange fluctuation on long-term monetary items for the financial year September 30, 2012 to carrying cost to fixed assets. The unamortised foreign exchange fluctuation capitalised to fixed assets amounts to `323.19 crore as at September 30, 2012.

42. The revenue from sale of power of associate company i.e. Bajaj Energy Private Limited includes `134.72 crore being differential of tariff rate as per the principles laid down in Tariff Regulation pending for final approval from Uttar Pradesh Electricity Regulatory Commission (UPERC). Share of the Company in profit/ loss of the said associate is only to the extent of 26.96%.

43. Pursuant to the General Circular no. 2/2011 dated 8th February, 2011 of Ministry of Corporate Affairs and consent of the Board of Directors vide their resolution passed at the Board Meeting held on November 26, 2012 for not attaching the Balance Sheets of subsidiaries, the Company has not attached with its Balance Sheet as at September 30, 2012, the documents specified in Section 212(1) of the Act in respect of its four subsidiaries, viz. (i) Bajaj Aviation Private Limited, (ii) Lalitpur Power Generation Company Limited, (iii) Bajaj Power Generation Private Limited, (iv) Bajaj Hindusthan (Singapore) Private Limited and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2012 in Annexure A.

Signatures to Notes "1" to "43"

As per our report of even date

For and on behalf of
Chaturvedi & Shah
Firm Registration No.101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 26, 2012

For and on behalf of the Board
Shishir Bajaj
Chairman & Managing Director

Kushagra Bajaj
Vice Chairman & Joint Managing Director

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

Statement of Information of Subsidiary Companies

Annexure 'A' referred to in Note No.43 to the consolidated financial statements for the year ended September 30, 2012

` crore

Name of the Subsidiary Company	Bajaj Aviation Pvt. Ltd.	Bajaj Hindusthan (Singapore) Pte. Ltd.**	Lalitpur Power Generation Company Ltd.#	Bajaj Power Generation Pvt. Ltd.#
Financial year ended	30.09.2012	31.03.2012	31.03.2012	31.03.2012
Issued subscribed and paid up share capital	5.00	104.87	6.23	0.02
Reserves	(0.98)	(23.40)	301.61	@(0.00)
Total Assets	10.77	94.66	3,333.80	732.92
Total Liabilities	10.77	94.66	3,333.80	732.92
Details of Investments (except in case of investment in subsidiaries)	Nil	Nil	Nil	Nil
Turnover*	0.96	67.38	Nil	Nil
Profit before taxation	(1.25)	(0.66)	(0.64)	Nil
Provision for taxation	(0.39)	Nil	Nil	Nil
Profit after taxation	(0.86)	(0.66)	(0.64)	Nil
Proposed dividend	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 30.09.2012 i.e. 1 USD = `52.697

\# 3 The commercial activities of the company has not commenced up to 31.03.2012.

@ 4 Bajaj Power Generation Pvt. Ltd. - Reserves (`40,044/-)

bajaj hindusthan ltd.

Eighty First Annual Report 2011-12

CORRIGENDUM TO 81ST ANNUAL REPORT OF BAJAJ HINDUSTHAN LIMITED

1. Page no. 92, Note no. 18 - Trade Receivables

   Outstanding for a period exceeding six months as at September 30, 2012, be read as ₹ 70.78 Crore instead of ₹ 153.47 Crore

   Outstanding for a period less than six months as at September 30, 2012, be read as ₹ 121.24 Crore instead of ₹ 38.55 Crore

2. Page no.119, Note no. 19 - Trade Receivables

   Outstanding for a period exceeding six months as at September 30, 2012, be read as ₹ 70.78 Crore instead of ₹ 153.47 Crore

   Outstanding for a period less than six months as at September 30, 2012, be read as ₹ 122.80 Crore instead of ₹ 40.11 Crore

3. Page no.130 - Statement of Information of Subsidiary Companies

   Annexure 'A' referred to in Note No.43 to the consolidated financial statements for the year ended September 30, 2012

   The information given in case of Bajaj Hindusthan (Singapore) Pte. Ltd., be read as under:-

₹ Crore

	Correct Amount	Printed Amount
Financial year ended	31.03.2012	31.03.2012
Issued subscribed and paid up share capital	104.87	104.87
Reserves	(22.97)	(23.40)
Total Assets	95.12	94.66
Total Liabilities	95.12	94.66
Details of Investments (except in case of investment in subsidiaries)	Nil	Nil
Turnover	69.74	67.38
Profit before taxation	(0.69)	(0.66)
Provision for taxation	(0.46)	Nil
Profit after taxation	(0.23)	(0.66)
Proposed dividend	Nil	Nil