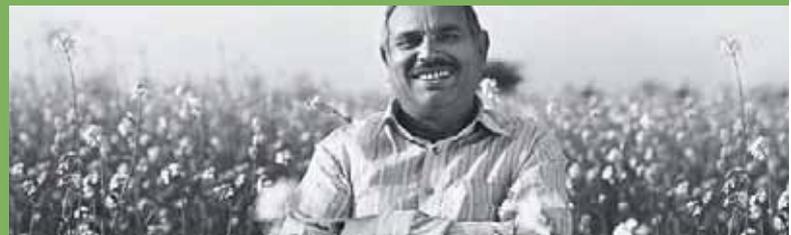
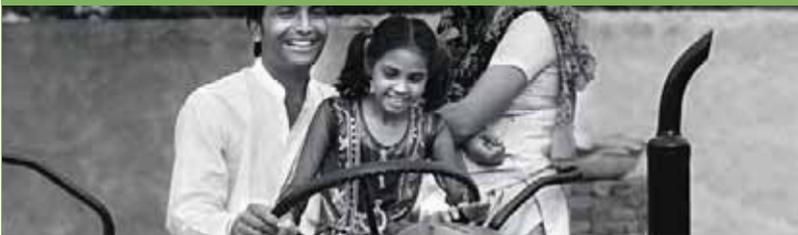




Serving today
for a better
tomorrow.





Glorious past. Inspiring present. Promising Future.

Bajaj Hindusthan Ltd. (BHL) is India's largest sugar and ethanol manufacturing company. The Company has an aggregate sugarcane crushing capacity of 136,000 TCD (tonnes crushed per day) and has Industrial Alcohol/Ethanol producing capacity of 800 KL per day.

At Bajaj Hindusthan, we believe in fulfilling our corporate social responsibility by contributing towards social and environmental causes. We undertake a wide range of initiatives for the livelihood enhancement and for health & hygiene awareness in the rural community. As a responsible corporate entity, we also work towards the preservation of environment through various water and soil conservation programs. We have adopted a multi-pronged strategy to permeate development in all segments by running special programs for tribal development, women empowerment and by working towards economic empowerment of the underprivileged.

Committed to environment-friendly technologies, we at Bajaj Hindusthan recycle bagasse produced in our own sugar mills to generate 428 MW of power. Our wholly owned subsidiary, Bajaj Eco-Tec Products Limited (BEPL), uses bagasse waste for the manufacture of MDF and PB thus safeguarding India's forests from commercial exploitation by construction and furniture industries. BEPL turns out 210,000 cubic metres of MDF and Particle Boards per year which prevents felling of an estimated 420,000 fully matured trees annually.

Farm ponds for rainwater harvesting
and for support irrigation



Promoting irrigation farming through
construction of a series of checkdam
at Muradgaon, Wardha district in the
Vidarbha region



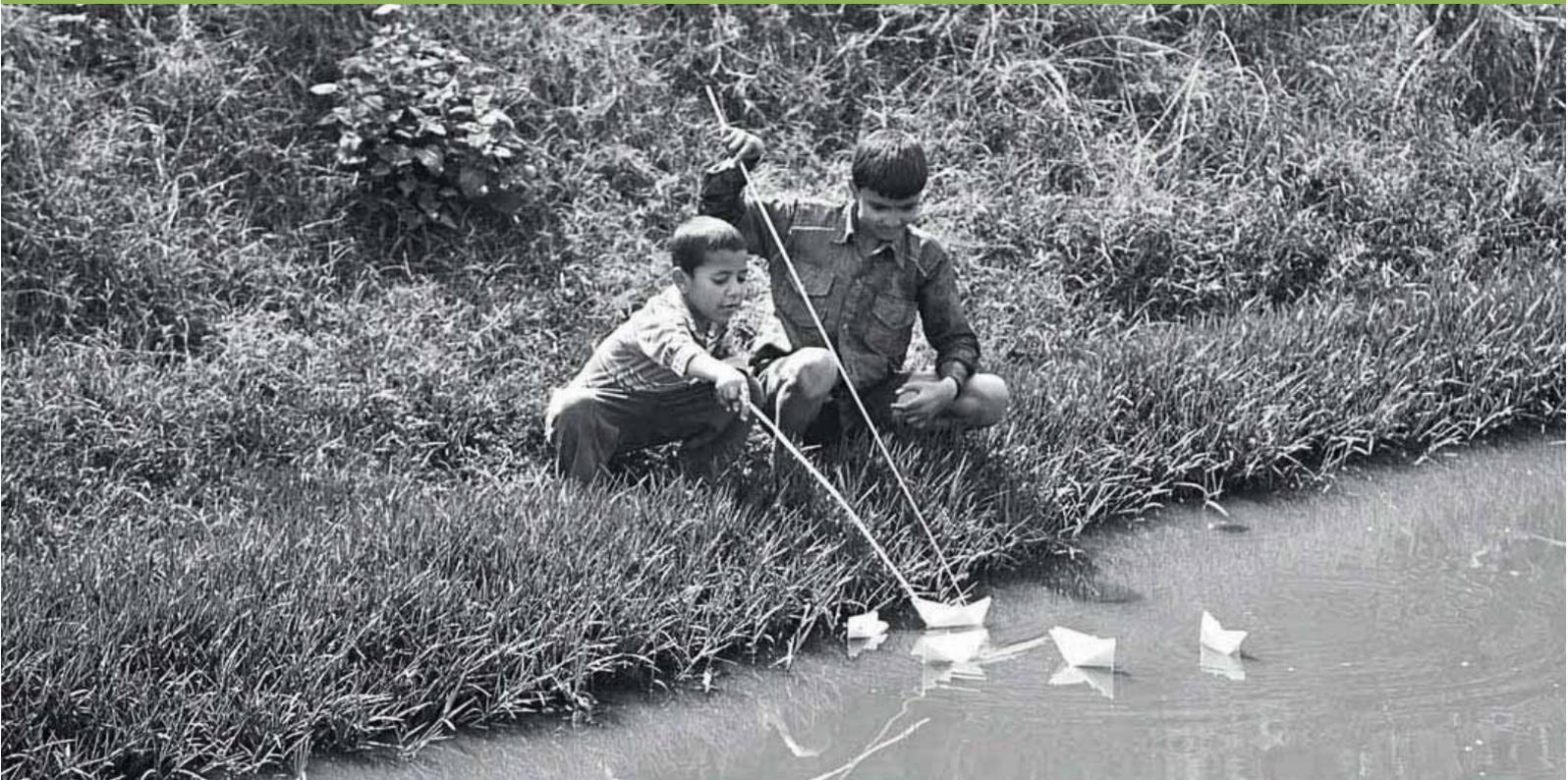
Wells and borewells are the
mouth of the earth. Quenching
the thirst of mother earth
through recharging of wells

Conserving for today and tomorrow.



Depleting groundwater resources is a serious cause of concern in today's times. It has a cascading effect on agricultural productivity and can trigger a vicious cycle of poverty and inflation. Taking proactive steps to arrest reduction of groundwater, Kamalnayan Jamnalal Bajaj Foundation (KJBF) has taken various water harvesting initiatives like construction of check dams, revival of rivers and streams (deepening and widening of river beds), recharging of existing wells & borewells through rainwater, gabion structures, nalla plugging and farm bunding in Wardha district of Maharashtra. The efforts led to an increase in the water table by 8 ft. and benefited 201 villages and 6507 farmers. This extraordinary work brought an increased area under irrigation thus leading to increased cropping intensity and farm earnings.

Promoting ideas that will inspire generations.



With rising population pressures and increasing demand by industries, the water scarcity is here to stay. The solution lies in implementing ingenious ideas to maximise the utilisation of this precious resource. Ideas that are not only relevant today, but which also set the benchmarks for our coming generations. To tide over the perennial water scarcity in Wardha, KJBF promoted judicious use of water through promotion of micro irrigation systems like Drip, Sprinklers and Group Lift Irrigation programs. These programs covered more than 27 villages and ensured efficient use of water in 2045 acres. KJBF also helped in revival of 8 rivers which resuscitated an area of 4071.57 acres. To limit the effect of unpredictable monsoons, KJBF constructed 455 farm ponds in 42 villages. All these interventions have augmented the water storage capacity to 30.91 mcft.

Efficient use of water through micro irrigation devices like drip and sprinklers and through promotion of less water intensive crops

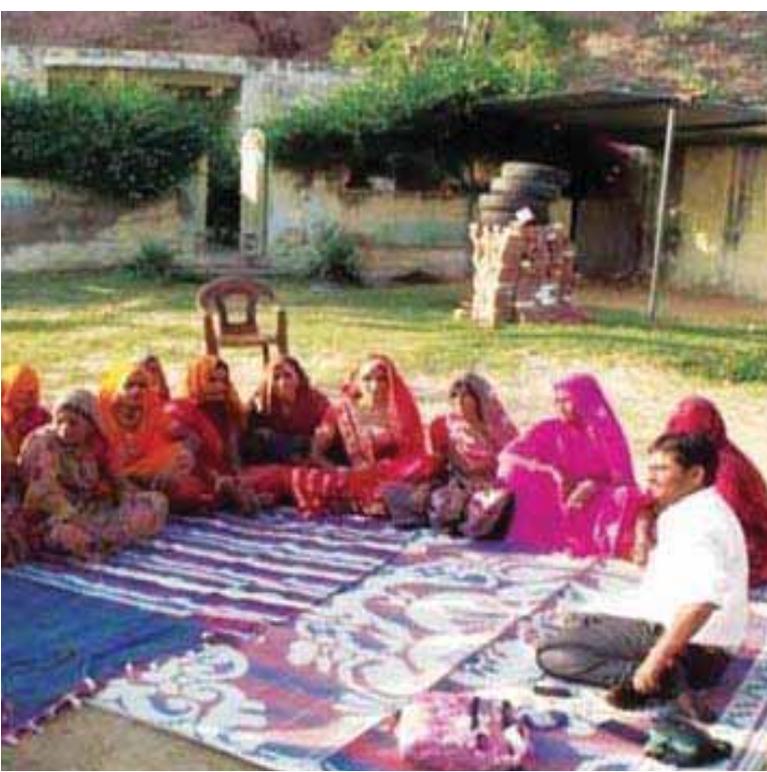


Water harvesting through construction of percolation tank, at Jamnbuldhara Village, Dist: Wardha



Efficient use of water through micro irrigation devices

Women's empowerment through formation of self-help groups in 50 villages in Sikar district in Rajasthan



Empowering women through promotion of women's self-help groups and various need-based income generating activities

Continuous training, awareness and exposure visits for sustained socio-economic development of people through participatory approaches

Inculcating camaraderie to achieve sustained growth.



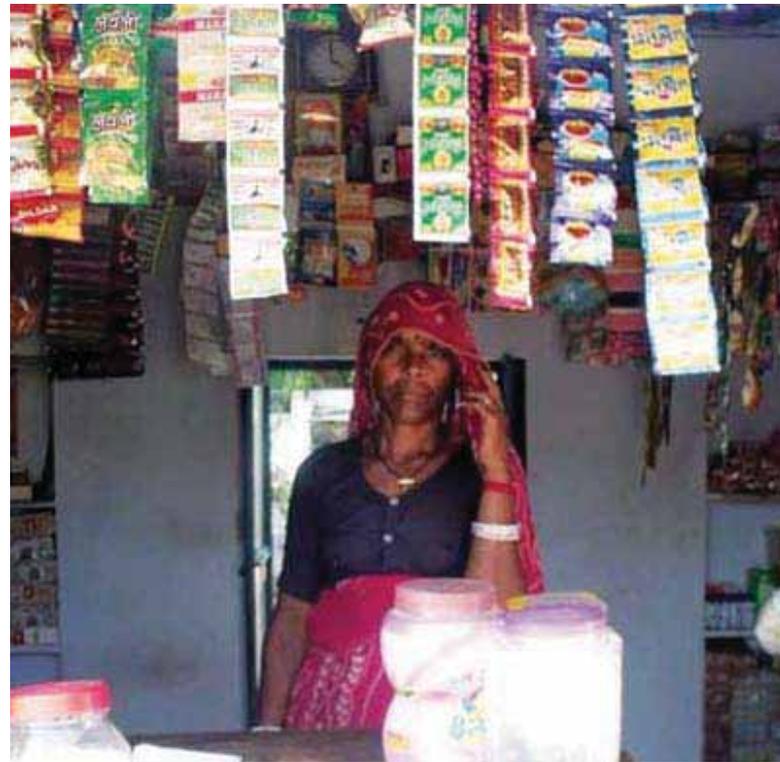
Surpassing adversities and bringing change with the vigour of collective efforts is not just in fables. It's very much a reality and the self-help groups in Sikar proved exactly that. The Jamnalal Kaniram Bajaj Trust (JKBT) played an active role in women empowerment through promotion of 145 self-help groups in 50 villages. The self-help groups led to economic empowerment of women and also raised awareness about various social issues. JKBT's concerted efforts towards community mobilisation resulted in improved agriculture practices and built capacity for collective marketing.

Instilling self-confidence through self-reliance.



It's an old adage that self-reliance brings self-respect and empowers you with a greater say in the society and family. JKBT promoted community livelihood enhancement programs in Sikar by supporting need-based micro enterprises like Manihari shop, Leather work, Grocery shop, Mason work, Picco & Tailoring, Flour mill etc. The Trust also provided support for indigenous cow-based dairy farming to 196 needy families in 17 villages. This initiative boosted the average income of the supported families by ₹ 1500 per month. To develop natural and human resources, JKBT has also established Livelihood Training and Resource Centre in 18 acres of land at Kasi ka Baas village - the birth place of Shri Jamnalal Bajaj.

Grocery shop



Manihari shop



Support for indigenous
cow-based dairy farming

Promotion of organic farming



Collaboration with NABARD-
WADI program for tribal development



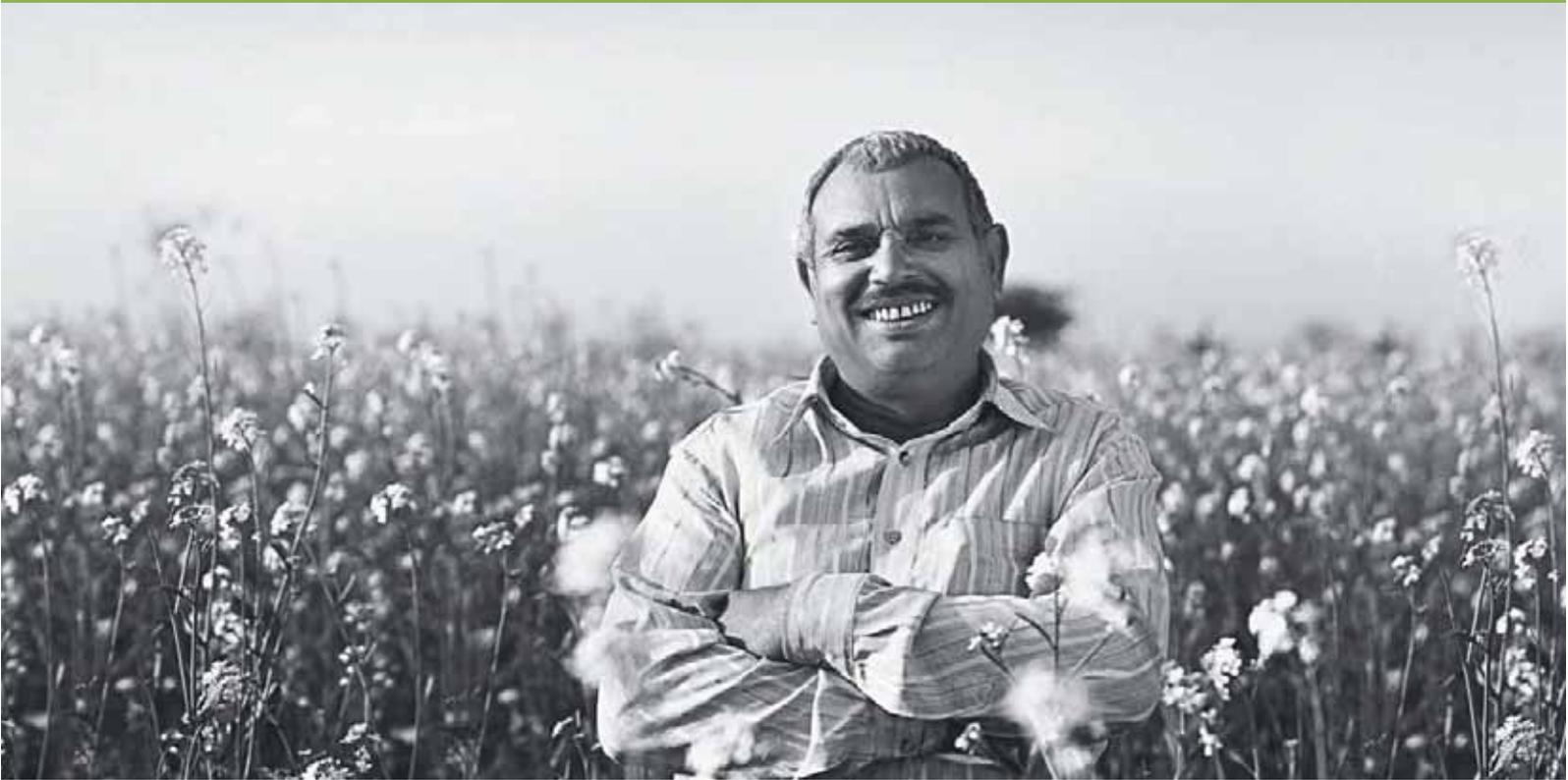
Mango plantation under WADI program

Sowing the seeds of development.



To set strong foundations for an all-inclusive growth, it's essential to reach out to the over-looked segments of our country. KJBF in its endeavour to bring the tribals of Wardha into the mainstream has collaborated with NABARD to implement WADI - a program to uplift the living standards of the tribal families. The program spans across 3 blocks, covering 40 villages with 2600 tribal families. It runs a pilot project on organic farming and promotes modern agricultural and irrigation techniques for improved agricultural productivity and income levels in tribal areas.

Implementing new methods to keep pace with time.



To achieve sustained growth, it's imperative to evolve and adopt novel techniques that assure greater returns. KJBF encouraged the farming of less water intensive crops in Wardha which enabled the farmers to grow crops and earn even with low irrigation support. The program also took initiatives to promote horticulture crops like mango, lemon and amla to build up the confidence among the farmers to revive their agriculture from traditional to more sustainable.

Under KJBF's initiative 618 crop demonstration plots, 368 vegetable cultivation plots, 105 kitchen gardening units, 56 spice plots and 749 horticulture plots were established to demonstrate the novel methods of farming.

Promotion of horticulture
plantation in tribal villages



Vegetable cultivation
in village Pipari



Crop Demonstration –
Soyabean at village Tamaswada

Chairman's Letter

Dear Shareholders,

The past year has been at best a mixture of random good news consistently overshadowed by a host of disturbing news on the global economic front. When normalcy was limping back in the markets of the western hemisphere the threat of nations like Greece, Portugal and Spain defaulting on their sovereign debt loomed large in triggering another domino effect of economic downturn. Sailing amidst the choppy waters of economic upheaval is not remotely easy. Back home, in India we were witness to the trickling effects of the robust growth we saw in the early years of the present century. We have just completed the first decade of the twenty first century and it has been definitely a formidable growth period. From a nation that has been a toddler in reforms during the nineties to a nation that is robustly shaping up as a global economic player at present, the journey to put it humbly has just begun.

Amidst the cacophony of liberalisation, policy norms being rewritten, business rules looked at, sectors being opened up for global players, we have just completed the second decade of reforms. The learning experience has been manifold compared to what we have witnessed in the first decade. Kudos to the Indian economy where we have managed to not only integrate with global best practices of running an economy but have also simultaneously kept ourselves insulated enough to prevent catastrophic consequences of unregulated reforms like those faced by the extremely liberal western economies in the past two years. On hindsight, our regulators have done a great job in walking the tightrope of cautious reforming and growth. The most visible evidence has been of the financial meltdown of the US and European markets that have hardly had much effect on our domestic finance sector in the past three years. Though I must add there has been a weakening of our domestic stock markets in the same period given the dominant role of international investors over these years.

The Indian agrarian sector in the past decade has witnessed a positive change in terms of consumption where we see a purposeful increase in consumption levels of food, clothes and services over these years. For example, the telecom revolution has penetrated the last mile of the most remote of villages. In addition, giant government projects like the National Employment Guarantee Program are gradually playing a "game changer" in terms of alternating the social and economic fabric of our villages. In a similar manner, we all are also looking forward to the "food

security" bill, another first of its kind in the world that if executed in a right manner would pave the way for a new rural India.

On the macro economic front, the domestic economy however had some concerns in terms of growth and inflation. The high level of prices would definitely throw open a new debate in terms of whether a growing economy should settle and accept a high level of inflation. Moreover, for the millions of poor this definitely is not an economic argument they would be satisfied with. With jobs to cater and mouths to feed, for a government it's a twin edged sword of balancing between growth or inflation. Besides, with a slow but sure global meltdown taking place all economic policies should be skewed towards creation of domestic demand rather than banking on foreign investments or international markets.

In the present fiscal of 2011-12, India would miss its growth and other fiscal deficit targets as has been accepted by the government. The growth target has now been revised at around 7.5 percent levels from the budgeted estimates of 9 percent. Despite India's vulnerability to global recession being limited, any recession in Europe may further hamper domestic markets as well as production. With high rates of borrowing existing with high prices, it is definitely a major hindrance for industries across the diaspora to keep up a momentum in terms of revenues and earnings. The sugar industry also would have a direct impact in terms of managing costs with rising interest rates.

For years we have strongly advocated the idea of complete decontrol of the sugar industry that would enable not only a healthy environment of productivity but also lead to a win-win situation for the sugarcane farmers, the sugar consumers and the sugar producers. India is no stranger to the benefits of complete decontrol in other sectors, and the same would be replicated in the sugar industry as well.

Globally, there has been an upsurge in terms of sugar stock and present trends are expected to persist even in the next year also. Given such a scenario there is not much increase expected in the global prices of sugar, a decisive shift from the extreme volatility witnessed a few months ago. On the domestic front, a jump in sugar production from 19 million tonnes in 2009-10 to 24.5 million tonnes in 2010-11 has led to easing of prices. Such a trend would remain for the next fiscal also in terms of domestic production. Given the thorough regulation of the sugar industry,

sugar producers with abundant stock and facing a weakening of domestic prices are keenly looking forward for permission from the government for allowing a sizeable volume of exports. This would help them in taking advantage of the price differential and also generate better margins due to a weakening of the rupee against the dollar. Once again this brings to the fore a strong case for decontrol of sugar which if existed would have benefited the sugar producers in leveraging and distributing their revenue margins based on global and domestic price dynamics, simultaneously fulfilling the need of the domestic market.

Being the leader in the sugar industry, for us it is not just a position of numbers but an opportunity for fulfilling a

responsibility towards both the industry at large as well as our key partners, the extensive farming community. Our firm intent in supporting reforms and decontrol will remain of paramount importance. As a corporate citizen, it has always been our endeavour to be a contributory partner to India's growth story. We will continue to strive to grow in a manner that would effectively and convincingly reflect the true determination and spirit of our large family of employees, shareholders and other stakeholders including our millions of farmers who toil effortlessly to produce the sugarcane that finally sweetens our taste buds. I proudly look forward in sharing and participating in this process of India's march into the third decade of reforms.

Warm regards,

Shishir Bajaj

Chairman & Managing Director



JMD Speaks

Dear Stakeholders,

Your company on a consolidated basis has achieved an overall turnover of ₹ 5,081 crore this year ended March 2011 as compared to ₹ 3,340 crore in the previous year. I am glad that with this your company has stepped into the coveted league of companies with turnover over US\$ 1 billion. This certainly is a phenomenal achievement amidst an economic situation that has been challenged with an upward rising inflationary pressure and growing costs. We have successfully and very convincingly consolidated our position as India's largest sugar and ethanol manufacturing company.

On the global front, the period 2010-11 has seen an increased production of sugar to 161.4 million tonnes. The surge in production by 5.3 percent is primarily due to an increase of 5.5 million tonnes of sugar production by India alone, a commendable performance especially in the backdrop of reduction of sugar output from Brazil. It may be fairly assumed that any fall in output from Brazil would be suitably compensated by rise in production from India, Australia and Thailand. My view is that a similar trend would sustain for year 2011-2012 as well, mitigating any possible buoyancy in the price of sugar. From the record high global sugar prices of almost US\$ 800 per tonne when world sugar stocks fell to the lowest in the past two decades, the global environment at present is fairly stable with surplus that would supplement fresh stock rebuilding. Amidst a non volatile price regime in the coming months, it is important to note that the high input costs of sugar production in India and Brazil would be the key determinants of international prices.

On the domestic front there has been an impressive growth in production of sugar from 19 million tonnes in 2009-10 to 24.5 million tonnes in 2010-11. Such an impressive jump of 29 percent has been due to an increase in sugarcane production - a result of remunerative cane prices. It is expected that such upward trend is likely to continue in 2011-12 as well with production estimated at 26 million tonnes. With domestic consumption expected to be around 22 million tonnes there would be an available surplus of around 9.98 million tonnes. In such a scenario, even if India exports around 3 million tonnes of sugar, the domestic surplus would be still quite high at 6.98 million tonnes.

Given this situation, the time is extremely ripe to allow immediate exports of sugar. The ballooning stocks of sugar held by domestic

producers would only lead to further softening of sugar prices making them perhaps even lower than production costs. Such a move would put immense pressure on the sugar industry. Production of sugar from Brazil is expected only in April 2012 and supply from Thailand is hampered due to floods; Indian sugar producers would have an adequate opportunity to address the global markets competitively. In addition, with international prices higher by atleast ₹ 3,000 per tonne coupled with a weakening of rupee against the dollar, the incremental revenue would definitely provide some much needed relief. It is estimated that even a sizeable increase of sugar exports by 3 million tonnes will have absolutely no effect on domestic sugar prices.

I have always held the view that a farmer friendly policy in the sugar sector is a necessary step for the overall sugar industry to grow and flourish. The earlier fall in sugarcane production has been due to a host of factors including dominant issues like better remunerative prices from other crops. After a fall in production levels in the period 2008-09 and 2009-10, there has been a notable increase in production in 2010-11.

A critical determinant in the process chain is the correlation between price of sugarcane and the final price of sugar, given it (price of sugar) is still influenced by a highly regulated regime through a host of government policies. Exports too are regulated and only possible when the central government announces such measures, mostly in small tranches. In addition to the above, with institutional customers allowed to import sugar without restrictions, it only led to lesser off-take of sugar, further lowering domestic prices. Hence, on the domestic price side there is not much upswing expected in the 2011-12 period. To perform well in such a scenario it is imperative to focus on managing scales of economies and prudent cost effectiveness for the sugar industry.

Your company, as the leader in the sugar industry in India has been consistently focusing on rational measures that would optimise the capacity utilisation of its 14 sugar plants. Sugar production has increased by 48 percent from 9.27 lakh tonnes in 2009-10 to 13.74 lakh tonnes in 2010-11. In addition, it has wisely been utilising the opportunity of supplying ethanol for the government's fuel doping program at 5 percent levels. Your company is the largest supplier of ethanol and keenly looks forward to supporting higher ethanol blending that would have a large and direct impact not only on the company but also in terms of a huge contribution in strengthening India's farming and

rural sector. This is in direct consonance with BHL's forward looking approach by playing a positive role in building India's farming or agrarian sector. There has been over 97 percent increase in sales of ethanol at 124,366 kilo litres in 2010-11 from the previous year. Your company also exported 175,842 MW power, an increase of 35 percent in 2010-11 compared to the previous fiscal.

Your company's foray in the thermal power sector as a strategic diversification continues with 4,410 MW of total capacity being installed under various stages through three SPVs – 5x2 units of 45 MW each totalling 450 MW under Bajaj Energy Private Limited (BEnPL), 3x660 MW units totalling 1,980 MW under Lalitpur Power Generation Company Limited (LPGCL) and another 1,980 MW under Bajaj Power Generation Private Limited (BPGPL). The projects are being executed in the state of Uttar Pradesh. Of the 10 units under BEnPL, 4 have been synchronised while the rest are scheduled for January 2012. Civil work is underway at LPGCL, orders for major packages have been placed and boiler parts have commenced arrival at the site. This project is expected to be commissioned in 2014. BPGPL signed an MOU with the

UP government in December 2010 for setting up a power project in the Chitrakoot district of UP.

BHL through a rights issue in October this year, mobilised ₹ 1,479.75 crore with an objective to reduce the leverage. A significant part of the net proceeds have been used to retire debt and the balance has been parked in liquid funds pending repayment/ prepayment of debts. The positive impact on our bottom line in terms of reduced interest costs will be evident in the present financial year.

The challenges for the sugar industry in the forthcoming year is foreseen primarily from softer prices due to an increased production of sugar. The entire BHL team has been steadfast and has overcome such adversities in the past and will continue to do so with determination and optimism. In the spirit of a true leader, I am certain we along with all our stakeholders, would continue to grow at a brisk pace in the future.

With best wishes,

Kushagra Bajaj

Vice Chairman & Joint Managing Director



10 Years Performance Trends : 2002-2011

₹ Crore

BALANCE SHEET	30.09.2011	30.09.2010*	30.09.2009	30.09.2008	30.09.2007	30.09.2006	30.09.2005	30.09.2004	30.09.2003	30.09.2002
SOURCES OF FUNDS										
Shareholder's Funds										
Capital	22.84	19.14	17.69	14.14	14.14	14.14	11.63	8.73	8.73	8.73
Equity Share Suspense	-	3.70	-	-	-	-	-	-	-	-
Equity Warrants	-	-	18.90	-	-	-	-	-	-	-
Stock Options Outstanding	15.30	15.30	-	-	-	-	-	-	-	-
Reserves & Surplus	3,101.77	3,098.82	2,257.08	1,330.96	1,420.19	1,354.53	602.61	129.00	113.17	87.77
Sub Total	3,139.91	3,136.96	2,293.67	1,345.10	1,434.33	1,368.67	614.24	137.73	121.90	96.50
Loan Funds										
Secured Loans	5,064.96	4,429.77	1,956.73	2,808.08	2,035.88	440.16	381.79	320.24	177.77	84.35
Unsecured Loans	131.85	1,113.36	1,118.42	600.99	855.01	1,065.92	128.25	1.93	2.07	2.22
Sub Total	5,196.81	5,543.13	3,075.15	3,409.07	2,890.89	1,506.08	510.04	322.17	179.84	86.57
Deferred Tax Liabilities	87.74	83.43	108.04	58.94	120.88	129.96	45.33	42.43	28.47	24.51
Total	8,424.46	8,763.52	5,476.86	4,813.11	4,446.10	3,004.71	1,169.61	502.33	330.21	207.58
APPLICATION OF FUNDS										
Fixed Assets										
Gross Block	6,746.38	6,509.87	3,407.48	3,056.38	2,639.26	1,285.34	655.18	408.34	255.24	240.70
Less : Depreciation and Amortisation	1,356.74	1,029.96	774.98	577.56	418.62	271.86	198.89	163.68	144.82	132.40
Net Block	5,389.64	5,479.91	2,632.50	2,478.82	2,220.64	1,013.48	456.29	244.66	110.42	108.30
Capital Work in Progress	27.42	91.28	131.28	138.69	562.97	1,223.08	623.44	178.60	78.83	2.51
Sub Total	5,417.06	5,571.19	2,763.78	2,617.51	2,783.61	2,236.56	1,079.73	423.26	189.25	110.81
Investments	1,343.84	1,113.39	549.11	488.26	437.47	205.81	5.07	0.07	1.33	2.15
Current Assets, Loans and Advances										
Inventories	467.82	1,921.36	800.45	637.24	394.83	122.39	55.55	77.41	127.08	119.00
Sundry Debtors	248.20	163.10	28.57	42.30	110.00	61.86	17.86	27.83	22.28	0.99
Cash & Bank Balances	585.09	479.20	112.35	39.72	108.95	223.31	5.84	3.95	12.34	3.23
Loans & Advances	1,731.12	1,424.21	2,093.05	1,806.21	1,495.27	534.28	103.05	40.44	17.10	14.25
Sub Total	3,032.23	3,987.87	3,034.42	2,525.47	2,109.05	941.84	182.30	149.63	178.80	137.47
Current Liabilities & Provisions										
Current Liabilities	1,326.97	1,716.95	683.03	610.49	624.54	182.04	54.98	65.67	34.41	34.00
Provisions	41.70	191.98	187.42	207.64	259.49	197.46	42.51	4.96	4.76	8.85
Sub Total	1,368.67	1,908.93	870.45	818.13	884.03	379.50	97.49	70.63	39.17	42.85
Net Current Assets	1,663.56	2,078.94	2,163.97	1,707.34	1,225.02	562.34	84.81	79.00	139.63	94.62
Total	8,424.46	8,763.52	5,476.86	4,813.11	4,446.10	3,004.71	1,169.61	502.33	330.21	207.58

* 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	30.09.2011	30.09.2010*	30.09.2009	30.09.2008	30.09.2007	30.09.2006	30.09.2005	30.09.2004	30.09.2003	30.09.2002 (18 months)
INCOME										
Gross Sales / Income from Operations	5,005.48	2,970.28	1,655.75	1,879.49	1,841.22	1,526.92	891.46	525.28	458.27	620.45
Less : Excise Duty	155.08	96.67	72.02	123.21	128.21	79.68	45.34	27.80	37.36	29.49
Net Sales / Income from Operations	4,850.40	2,873.61	1,583.73	1,756.28	1,713.01	1,447.24	846.12	497.48	420.91	590.96
Other Income	68.75	155.37	231.16	46.59	30.65	39.51	8.68	17.67	12.97	4.02
Total	4,919.15	3,028.98	1,814.89	1,802.87	1,743.66	1,486.75	854.80	515.15	433.88	594.98
EXPENDITURE										
Raw Materials Consumed	2,739.38	2,765.64	816.76	1,390.33	1,283.42	951.45	460.94	280.12	316.76	299.86
Manufacturing & Other Expenses	448.01	393.09	259.11	418.69	344.20	191.87	104.57	77.75	71.49	89.57
(Increase)/ Decrease in stocks	865.96	(743.57)	143.73	(224.69)	(132.41)	(6.98)	70.51	46.72	(9.48)	157.84
Total	4,053.35	2,415.16	1,219.60	1,584.33	1,495.21	1,136.34	636.02	404.59	378.77	547.27
Profit before Depreciation, Interest & Tax (PBDIT)	865.80	613.82	595.29	218.54	248.45	350.41	218.78	110.56	55.11	47.71
Interest & Finance Charges (Net)	515.95	301.34	187.08	139.44	63.73	(2.15)	13.21	13.59	6.74	16.66
Depreciation and Amortisation	330.91	257.44	202.21	187.22	146.88	72.39	35.09	19.09	13.51	18.43
	846.86	558.78	389.29	326.66	210.61	70.24	48.30	32.68	20.25	35.09
Profit before Tax (PBT)	18.94	55.04	206.00	(108.12)	37.84	280.17	170.48	77.88	34.86	12.62
Provision for Taxation (Net)	6.94	3.29	49.77	(60.44)	(7.81)	89.34	30.09	16.86	6.51	2.26
Profit after Tax (PAT)	12.00	51.75	156.23	(47.68)	45.65	190.83	140.39	61.02	28.35	10.36
Dividend (%)	40%	70%	70%	60%	60%	60%	50%	40%	30%	37.5%

* 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

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)

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 - 400 072

Contents

Directors' Report	22
Corporate Governance Report	33
Shareholder Information	42
Auditors' Certificate on Corporate Governance	50
Management Discussion and Analysis Report	51
CEO/CFO Certification	66
Auditors' Report	67
Balance Sheet and Profit and Loss Account	70
Cash Flow Statement	72
Schedules to Financial Statements	73
Significant Accounting Policies	81
Balance Sheet Abstract and Company's General Business Profile	91
Auditors' Report on Consolidated Financial Statements	92
International Accountants' Report	93
Consolidated Financial Statements	94
Statement relating to Subsidiary Companies	112

Directors' Report

Your Directors have pleasure in presenting their Eightieth annual report and the audited statement of accounts for the financial year ended September 30, 2011.

Financial Results

The summarised financial results of the Company for the year ended September 30, 2011 are presented below:

	2010-2011 (` Crore)	2009-2010 (` Crore)
Sales and other income	4,919.15	3,028.98
Profit before depreciation, interest and taxation	865.80	613.82
Depreciation & Amortisation	330.91	257.44
Profit after depreciation but before interest and taxation	534.89	356.38
Interest & finance charges (Net)	515.95	301.34
Profit before taxation	18.94	55.04
Provision for taxation (Net)	2.63	0.10
Provision for deferred tax	4.31	3.19
Profit after tax	12.00	51.75
Disposable surplus after adjustments	253.81	204.56
Transfer to reserve for molasses storage tanks	0.31	0.33
Transfer to general reserve	9.01	10.03
Proposed dividend	9.14	13.40
Corporate dividend tax on proposed dividend	1.48	2.22
Balance carried to balance sheet	233.87	178.58

On a stand-alone basis, the Company achieved a turnover of ` 4,919.15 crore as compared to ` 3,028.98 crore in the previous year. The Profit after tax stood at ` 12.00 crore as compared to the profit of ` 51.75 crore in the previous year. On consolidated basis, the turnover including other income is ` 5,081.90 crore as compared to ` 3,340.68 crore in the previous year. The Profit after tax and minority interest is ` 21.45 crore as against ` 44.03 crore in the previous year.

The financial and operating results for current financial year are not strictly comparable with those of previous financial year 2009-10 to the extent that current financial year includes figures pertaining to the erstwhile subsidiary Bajaj Hindusthan Sugar and Industries Limited (BHSIL) for full year, however in the previous year these were of six months period ended September 30, 2010, viz. from the Appointed Date as April 01, 2010 to September 30, 2010 consequent upon the merger of BHSIL with the Company as

approved by Hon'ble High Court of Judicature at Bombay vide Order dated November 26, 2010.

Dividend

The Board of Directors of the Company recommend, for consideration of shareholders at the 80th annual general meeting, payment of dividend of 40% (` 0.40 per share) on equity shares of the face value of ` 1/- each for the year ended September 30, 2011. The dividend paid for the previous year was 70%.

Shares allotted on October 31, 2011, pursuant to the Rights issue to the shareholders of the Company, are also eligible for same dividend i.e. 40% for the financial year 2010-2011.

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 428 MW.

Sugar

The operations during the financial year ended September 30, 2011 at all the sugar plants were satisfactory.

During the financial year 2010-11, the Company crushed 10.220 MMT of Sugarcane and processed 0.089 MMT of raw sugar. The recovery of sugar from sugarcane was at 9.31% as against 9.24% in the previous year owing to better quality of sugarcane crop and certain other favourable factors. The Company produced 951,757 MT Sugar from Sugarcane and 86,125 MT Sugar from raw sugar and 519,391 MT Molasses during the financial year 2010-11.

The Company sold 1,374,407 MT of Sugar as against 926,966 MT during the previous year, registering an increase of 48%. The Company also sold 96,497 MT of Molasses as against 54,602 MT in the previous year, registering an increase of 76%.

Distillery

During the year, Industrial Alcohol / Ethanol production was lower at 89,059 KL as compared to 94,719 KL in the previous year. Alcohol/Ethanol sales during the year were higher at 124,366 KL as against 63,123 KL during the previous year, reporting an increase of 97%.

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 higher at 556,578 MW as compared to 448,901 MW in the previous year recording a growth of 24%, largely due to higher quantum of bagasse available from the crushing of sugarcane. The Company exported 175,842 MW of power during the year as against 130,635 MW during the previous year, reporting an increase of 35%. The average price at which we sold our surplus power was approximately ` 4,109 per 1000 units.

Changes in Capital Structure

Allotment of Equity Shares pursuant to the sanctioned Scheme of Amalgamation

During the year, the Company has allotted an aggregate of 37000000 fully paid up equity shares of ` 1/- each pursuant to the Scheme of Amalgamation of Bajaj Hindusthan Sugar and Industries Limited (BHSIL) with Bajaj Hindusthan Limited (the Scheme) sanctioned by the Hon'ble High Court of Judicature at Bombay. These equity shares were allotted to the shareholders of BHSIL whose names were registered in the register of members on record date and to a Trust created as per the terms of the Scheme of Amalgamation by the Company against its investments in and advances made to BHSIL. Post allotment of the aforesaid shares, the paid-up equity share capital of the Company increased to ` 22,83,57,111 on January 05, 2011.

Equity Shares allotted pursuant to the Rights Issue post Balance Sheet date

The Company had announced a Rights Issue of equity shares in the ratio of two equity shares at a price of ` 36/- per share for every one equity shares held. The Rights issue opened on September 29, 2011 and closed on October 13, 2011. The Company received a subscription (including assured subscription by promoters and promoters group) of 73.44% of the Issue size, being ` 1,207.48 crore. Underwriters had subscribed/procured subscription for an aggregate amount of ` 272.27 crore, being 16.56% of the issue size, making the mandatory minimum subscription of 90% of the issue size. 411042800 equity shares were allotted to eligible shareholders, in consultation with the BSE Limited (Designated Stock Exchange) on October 31, 2011. Such equity shares became eligible for trading on BSE and NSE effective from November 03, 2011.

Consequent to allotment of the aforesaid shares, the paid-up equity share capital of the Company stands increased from ` 22,83,57,111 to ` 63,93,99,911 with effect from October 31, 2011.

Out of the aggregate proceeds of ` 1,479.75 crore from this right issue, a part has already been utilised to repay certain loans. The balance has been kept in fixed deposit/liquid funds, pending repayment/prepayment of loans. This will help the Company to reduce its interest cost and improve profitability.

Redemption of Foreign Currency Convertible Bonds

The Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to US\$ 120 million in February 2006. After conversion/repurchase from time to time, FCCBs of US\$ 99.572 million were outstanding at the beginning of the year, the Company made repayment of an aggregate amount of US\$ 133.006 million, including the redemption premium of US\$ 33.434 million on the due date (February 02, 2011) in accordance with the terms and conditions of the said FCCBs.

With the aforesaid repayment, entire FCCBs issued in February 2006 stood redeemed on maturity. As on September 30, 2011, FCCBs of US\$ 15.00 million (issued in financial year 2006-07) were outstanding. The said FCCBs can be converted at the option of the bond holder into one equity share at ₹ 250 per equity share, at a pre determine exchange rate of US\$ 1= ₹ 42.42 at any time upto 26.04.2014.

Listing of Securities

The Company's equity shares are listed on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Annual Listing fees to each of these Stock Exchanges have been paid by the Company. The Global Depository Receipts (GDRs) 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 (Employees 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, 2011, the Company had the following Subsidiaries, which are presently unlisted :-

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

In terms of General Circular No. 2/2011, dated February 8, 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 held on September 29, 2011 for not attaching the Balance Sheet of subsidiaries, the Company has not attached with its Balance Sheet as at September 30, 2011, copies of the balance sheet, profit and loss account 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, 2011.

Pursuant to the General Circular No. 2/2011 dated February 8, 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 shareholders 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

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

During the financial year ended March 31, 2011 BEPL recorded a turnover (sales and other income) of ₹ 160.37 crore as against ₹ 154.63 crore during the previous year. The Net Loss after tax for the year was ₹ 49.53 crore as against ₹ 50.57 crore recorded during the previous year. Operating margins of the Company were under pressure due to increase in cost of raw materials, coupled with increase in cost of power and fuel and competitive pricing policy adopted by other manufacturers in the market.

Bajaj Aviation Private Limited

Bajaj Aviation Private Limited (BAPL), is a Wholly Owned Subsidiary of Bajaj Eco-Tec Products Limited and therefore is a subsidiary of the Company. During the year ended September 30, 2011, BAPL generated a turnover including other income of ₹ 0.99 crore and posted Net Loss of after tax ₹ 1.53 crore.

Bajaj Energy Private Limited

Bajaj Energy Private Limited (BEnPL), is implementing project for thermal power generating capacity of 450 MW (2 X 45 MW X 5) comprising of two turbines of 45 MW each at five locations at Khamberkhera, Barkhera, Maqsoodapur, Kundarki and Utraula in the State of Uttar Pradesh at a project cost of ₹ 2,320 crore funded by way of debt to equity mix of 3:1.

BHL has subscribed equity to the tune of ₹ 137.81 crore equivalent to 51% of the paid up capital of BEnPL. BHL has further paid ₹ 26.00 crore towards equity against which shares are yet to be allotted.

Three projects at Khamberkhera, Barkhera and Maqsoodpur have started commercial operation and exporting power to grid. Two projects at Kundarki and Utraula will be up and running during January 2012.

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 syndicate of lenders for term loan financing of ₹ 8,886 crore.

Out of the total estimated land requirement of 1,320 acres, LPGCL has already acquired 1,220 acres and acquisition of balance 100 acres of land is expected

to be achieved shortly. LPGCL has also obtained clearances from Irrigation Department, Ministry of Environment and Forest (MoEF) and Uttar Pradesh Pollution Control Board (UPPCB). 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 supply 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.

In July 2011, LPGCL had issued and allotted 6182500 equity shares of ₹ 10/- each to the Company and to other promoter group companies. Till date BHL has invested an aggregate of ₹ 234.98 crore in LPGCL.

Bajaj Power Generation Private Limited

The Company was awarded another 1,980 MW (3 x 660 MW) mega thermal power project at Bargarh, district Chitrakoot, Uttar Pradesh which shall be implemented through another SPV – Bajaj Power Generation Private Limited (BPGPL), a subsidiary of the Company. The estimated cost of project will be around ₹ 12,000 crore. BHL at present holds entire paid up share capital of the said Company.

The Company has applied for an environmental clearance from the Ministry of Environment and Forests which is yet to receive the terms of reference.

Bajaj Internacional Participações Limitada (Subsidiary in Brazil)

Since no operations in this Wholly Owned Subsidiary (WOS) was started, the Company initiated steps of winding up of its operations. Against an investment of US \$ 1.01 million in equity capital of this subsidiary, the repatriation of entire capital has been accomplished during the year. In addition, BHL had received a sum of US\$ 0.13 million as dividend lying as accumulated interest/ other income in the said Company.

Bajaj Hindusthan (Singapore) Private Limited (Subsidiary in Singapore)

Bajaj Hindusthan (Singapore) Pte. Ltd., a Wholly Owned Subsidiary of the Company in Singapore has commenced operations of Trading in Commodities like Sugar etc.

In its maiden year of commercial operation ended March 31, 2011, the company achieved a turnover including other income of US\$ 73.23 million and posted a net loss after taxation of US\$ 4.29 million.

Consolidated Financial Statements

In compliance with Accounting Standards 21, 23 and 27 of the 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 Standard) 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. D. K. Shukla (DIN 00025409) and Mr. R. V. Ruia (DIN 00035853), 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, 2011, 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, 2011 and of

the profit of the Company for the year ended September 30, 2011;

- (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, 2011 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 (80th) 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 Statements to the Board of Directors for the year under review and the same forms a part of this report for the information of members.

Cost Auditors

The Central Government has directed an audit of the cost accounts maintained by the Company in

respect of sugar and industrial alcohol businesses. For conducting the cost audit for these businesses for the financial year ended September 30, 2011, the Central Government has approved the appointment of M/s. B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai.

Particulars of employees

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

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

Transfer of amounts to Investor Education and Protection Fund

The amounts of dividend, interest on debenture and matured debentures, interest on fixed deposits and matured fixed deposits, etc. which has remained unpaid or unclaimed for 7 years have been transferred to the Investor Education and Protection Fund within 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 data regarding the above is given in the Annexure-I hereto and forms part of this report.

Corporate Governance

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

Acknowledgements

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

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

For and on behalf of the Board of Directors

SHISHIR BAJAJ
Chairman & Managing Director

Mumbai,
November 23, 2011

ANNEXURE-I to Directors' Report for the year ended September 30, 2011

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

A. Conservation of energy

1. Recovery of waste heat from the clarifier flash tank.
2. Introduction of Vapour Line Juice Heater to heat raw juice thereby reduction of loss of vapour to condenser.
3. Use of low grade vapour for pan boiling by employing Mechanical Circulators.
4. Installation of system for re-use of pan and evaporator bodies testing water to reduce water consumption.
5. 100% lagging of steam carrying lines to minimise heat loss.
6. Installation of Auto-shut-off System for underground water reservoir pumps.
7. Recovery of waste heat by connecting the Sulphur Melter Steam condensate into the exhaust main.
8. Automation of auxiliary cane carrier drive with Variable Frequency Drive & Programmable Logic Controller.
9. Re-arrangement of Juice Heater Operation to reduce pumping load.
10. Optimisation of power load in boiling house.
11. Variable Frequency Drive are installed at boiler and mill bagasse feeder for reduce power consumption.
12. 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.
13. Introduced Tig Welding System in Mill Rollers to reduce electric power as well as milling losses.
14. Use of Direct Contact Heater (DCH) for Un-Sulphured Syrup & heating with Vapour Cell1 vapours.

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	2011	2010
	(` Crore)	(` Crore)
Used	1,133.90	1,309.66
Earned	630.51	-

Form-A

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

For the year ended September 30		2011	2010
A. Power and Fuel Consumption:			
Electricity			
a) Purchased			
Unit	000 KWH	6,286	4,100
Total amount	` Crore	3.45	1.89
Rate/Unit	`/KWH	5.48	4.61
b) Own generation through diesel generator			
Unit	000 KWH	5,036	3,194
Unit per litre of Diesel Oil	KWH/LTR	3.08	3.11
Total amount	` Crore	6.67	3.71
Rate/Unit	`/KWH	13.25	11.62
c) Own generation through steam turbine			
Unit	000 KWH	351,699	290,225
Total amount	` Crore	Not applicable, as steam is generated by use of own bagasse	Not applicable, as steam is generated by use of own bagasse
Rate/Unit	`/KWH		
B. Consumption per unit of production :			
	Industry Standard		
Electricity (kwh/quintal of sugar)	No standard has been fixed	34.85	27.01

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 2010 - 2011 were accelerated as under:

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

- Use of Palia Design molasses cooler.
- A1-massecuite boiling.
- Imparted training to farmers for scientific cultivation of sugarcane and imparting technical know-how.
- Integrated Pest Management (I.P.M.) & Integrated Nutrient Management (I.N.M.).
- Autumn planting & intercropping of Sugarcane with Potato, Lahi & Masoor.
- Mechanisation of Sugarcane cultivation.
- Installation of efficient Lime Classifier.
- Use of air drier at Sulphur station.
- Modification in bottom plate of Auxiliary cane carrier.
- Space row planting in place of traditional method of sowing at 4 feet distance.
- Use of fly ash in growers' fields.
- Installation of Syrup Filtration arrangement.
- Adopting the Bud Chip Nursery for Seed multiplication.
- Installation of rubber juice ring on roller shafts journal.
- Modification of cooling water pipe for different equipment to collect in UGR (Under Ground Reservoir) through gravity.

16. Procurement of 35 nos. of trolleys.
17. The boiler ash and Effluent Treatment Plant sludge was mixed with Bio-composting.
18. Installation of Bio-gas plant.
19. Automation of Anti Foam dosing in fermentation.
20. Optimisation of condensate recovery from distillation.
21. Recycle of spent wash in Molasses dilution.
19. Consumption of Anti Foam is reduced.
20. De-mineralised water consumption reduced and the heat recovery increased.
21. The raw water consumption and effluent generation reduced.

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

1. Palia Design molasses cooler resulted in bringing down the temperature of final molasses.
2. Boiling of A1 massecuite resulted in quality improvement & loss reduction.
3. Educating farmers to increase the cane productivity resulted in accelerated production of Sugarcane Crop.
4. Maintaining soil fertility & saving cost of insecticides thus reducing the cost of cultivation and producing healthy disease free cane and improved soil health.
5. Reduction in the cost of cultivation resulting in more profit to the farmers.
6. Reduction in labour cost & increment in the production of Sugarcane due to application of Mechanised Techniques.
7. Reduction of Lime consumption.
8. Reduction in Sulphur consumption.
9. Reduction of Bagasse jamming in main carrier.
10. Increase in average yield of the area resulting in increase in availability of Sugarcane to the mill.
11. Enhancement in cane yield.
12. Improvement in sugar quality by installing Syrup Filtration System.
13. New sugarcane variety having potential to maintain proper varietal balance & increased sugar recovery could be obtained due to Bud Chip Nursery System.
14. Consumption of lubricant is reduced.
15. Reduction of fresh water consumption.
16. Smooth cane transportation and reduced wastage.
17. Quality and quantity of Bio-compost improved.
18. Bio-gas production increased.

3. Future plan of actions :

1. Small projects are to be undertaken for rain water harvesting.
2. Establishing soil testing laboratory.
3. Re-use of effluent water after treatment for process and cooling water requirement in the plant.
4. Molasses conditioner brix and temperature controlled automation.
5. Development of link road through cane development councils.
6. Use of Hand Held Terminals at 51 centres during 2011-12 instead of 31 centres in season 2010-11.
7. Replacement of old and deteriorating varieties with new and high yielding ones.
8. Technology development for low-lying water logged area.
9. Development of drainage system for draining of rain and flood water.
10. Stress on biological control of pests & disease.
11. Introduction of Drip system for cane crop.
12. To develop an alternate & a better source of Phosphate for which PSB (Phosphate Solubilising Bacteria) culture.
13. Introduction of new agricultural implements like Mould Board plough (for Deep cultivation), Rotavator (for Trash Mulching) etc.
14. Seed treatment through Moist Hot Air Treatment (MHAT) before planting of cane to control seed borne disease like Grassy Suit Standing & Ratoon Standing, Wilt & Smut.
15. Promoting more use of organic manure (Bajaj Jaivik Khad) for improving the fertility status of soil.
16. Installation of Mechanical Circulators for low grade pans & planetary Gear Box for old Crystallizer Drive.
17. Installation of Spray Engineering Device to make auto system to reduce power consumption by reduction of injection water.

18. Modification of quadruple effect to quintuple effect for steam economy.
19. Installation of Direct Contact Heaters (DCH) for molasses heating through ammonia gases & for syrup heating.
20. Installation of International Combustion make sugar grader in place of old 4 deck grader.
21. Replacement of old batch type 750 Kg centrifugal machine by new NG-1750 Kg.
22. Replacement of old continuous centrifugal machine SC-1100 by new NK-1503.

4. Expenditure on R&D :

For the year ended September 30	2011	2010
	(` 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, 2011

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, 2011	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, 2011	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, 2011	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 20 (AS-20) 'Earning per share'	` 0.53
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)

Corporate Governance

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

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

Bajaj Hindusthan has embedded the best of corporate governance practices in its day-to-day operations aimed at building trust with shareholders, employees, customers, suppliers (including farmers) and diverse stakeholders. The Company's policies on corporate governance and compliance thereof in respect of specific areas for the year ended September 30, 2011, in the format prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges, are set out below for the information of the shareholders and investors of the Company.

Company's philosophy on code of corporate governance

The Company's philosophy on corporate governance is to meet the aspirations and expectations of all stakeholders with an ultimate aim of enhancing the trust and confidence of the stakeholders. This helps the Company to perform better thus culminating into

higher productivity of the corporate resources. The ethical values have been sufficiently integrated with business acumen as part of corporate governance framework implemented by the Company. All the employees of the Company are made to firmly believe that ethics facilitate performance. Temperance, values and ethics are not merely used as tactics of symbolism but practised to supplement quick growth and performance.

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

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

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

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

Board of Directors

Composition

The Board of Directors as on September 30, 2011 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, if the Chairman is an Executive Chairman, at least half of the Board should comprise of Independent Directors and also at least half of the Board of Directors should consist of Non-Executive Directors. In the case of Bajaj Hindusthan, 63% of its Directors are Non-Executive. Since 4 Non-Executive Directors are Independent Directors, the Company is presently complying with the requirement of having one-half of the total size of the Board as Independent Directors. The Board of Directors of Bajaj Hindusthan, therefore, has a healthy blend of Executive and Non-Executive Directors. Moreover, all the Non-Executive Directors are eminent professionals, and bring the wealth of their professional expertise and experience to the Management of the Company. (See Table 1)

TABLE 1: Composition of the Board of Directors during 2010-11

Name	DIN	Position	Age (years)	Directorship Tenure (years)	Relationship with other Director
Mr. Shishir Bajaj	00017612	Promoter / Executive	64	26	Father of Mr. Kushagra Bajaj
Mr. Kushagra Bajaj	00017575	Promoter / Executive	34	5	Son of Mr. Shishir Bajaj
Mr. D. S. Mehta	00038366	Non-Promoter / Non-Executive	75	26	-
Mr. M. L. Apte	00003656	Independent, Non-Executive	78	41	-
Mr. R. V. Ruia	00035853	Independent, Non-Executive	50	11	-
Mr. D. K. Shukla	00025409	Independent, Non-Executive	68	10	-
Mr. Alok Krishna Agarwal	00127273	Independent, Non-Executive	47	5	-
Dr. Sanjeev Kumar	00364416	Non-Promoter/Executive	52	3	-

Other Directorship and Membership of Board Committees

Details of the number of Directorships held in other companies and committee 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 positions in all public limited companies as at September 30, 2011

Name	Directorship	Committee Membership			Committee Chairmanship	
		In all other companies	In all public limited companies	In listed public limited companies	In all public limited companies	In listed public limited companies
Mr. Shishir Bajaj	7	1	1	Nil	Nil	
Mr. Kushagra Bajaj	9	Nil	Nil	Nil	Nil	
Mr. D. S. Mehta	9	5	5	1	1	
Mr. M. L. Apte	8	5	5	Nil	Nil	
Mr. R. V. Ruia	8	2	2	1	1	
Mr. D. K. Shukla	Nil	1	1	Nil	Nil	
Mr. Alok Krishna Agarwal	6	2	2	Nil	Nil	
Dr. Sanjeev Kumar	6	1	Nil	Nil	Nil	

Notes:

- Private limited companies, foreign companies and companies under Section 25 have been excluded for the purposes of calculating committee positions.
- Memberships/Chairmanship in only Audit Committees and Shareholders & Investors Grievance Committees in all public limited companies (including Bajaj Hindusthan Limited) have been considered for committee positions as per the Listing Agreement.

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

Membership term

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

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

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

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

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

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

The register of contracts maintained by the Company

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

Board procedures

Board Meetings and Attendance

During the financial year 2010-11, the Board met eighteen times. (See Table 3)

TABLE 3: Board meetings

Date of Board Meeting	Time gap from previous Board Meeting	Maximum Time gap permitted as per Clause 49
November 03, 2010	42 days	120 Days
November 12, 2010	8 days	
November 30, 2010	17 days	
December 20, 2010	19 days	
February 07, 2011	48 days	
February 18, 2011	10 days	
March 16, 2011	25 days	
April 30, 2011	44 days	
May 16, 2011	15 days	
June 06, 2011	20 days	
June 15, 2011	8 days	
June 28, 2011	12 days	
July 15, 2011	16 days	
August 04, 2011	19 days	
August 12, 2011	7 days	
September 12, 2011	30 days	
September 20, 2011	7 days	
September 29, 2011	8 days	

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

The details of attendance of Directors at the eighteen Board meetings held during the financial year 2010-11 and at the last Annual General Meeting held on March 22, 2011 are given in Table 4.

TABLE 4: Attendance at the meetings of the Board of Directors during 2010-11

Name	Position	Board Meetings held	Board Meetings attended	Whether attended previous AGM on March 22, 2011
Mr. Shishir Bajaj	Promoter / Executive	18	13	Yes
Mr. Kushagra Bajaj	Promoter / Executive	18	14	Yes
Mr. D. S. Mehta	Non-Promoter / Non-Executive	18	13	Yes
Mr. M. L. Apte	Independent	18	13	Yes
Mr. R. V. Ruia	Independent	18	14	Yes
Mr. D. K. Shukla	Independent	18	8	Yes
Mr. Alok Krishna Agarwal	Independent	18	8	Yes
Dr. Sanjeev Kumar	Non-Promoter / Executive	18	7	No

Information supplied to the Board

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

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

- i) Annual operating plans, budgets and updates;
- ii) Production, sales and financial performance statistics;

- iii) Expansion plans, capital expenditure budgets and updates;
- iv) Plant-wise operational review;
- v) Quarterly financial results with segment-wise information;
- vi) Minutes of meetings of Audit, Remuneration & Compensation, Shareholders and Investors Grievance and Management Committees, as well as the abstracts of the circular resolutions passed;
- vii) General notices of interest;
- viii) Staff matters, including senior appointments;
- ix) Materially important legal proceedings by or against the Company;
- x) Share transfer and dematerialisation compliance;
- xi) Significant developments relating to labour relations and human resource relations;
- xii) Voluntary retirement schemes;
- xiii) Fatal/serious accidents or mishaps and any material effluent or pollution problems;
- xiv) Details of foreign exchange exposure and steps taken by management to limit the risk of adverse rate movement;
- xv) Details of acquisition plans;
- xvi) Information Technology strategies and related investments;
- xvii) Legal compliances reporting system; and
- xviii) Insider trading-related disclosure procedures and such other matters.

Board Committees

As of September 30, 2011, the Board had four committees (See Table 5)

TABLE 5: Board Committees as of September 30, 2011

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) Mr. M. L. Apte (Non-Executive, Independent) Mr. R.V. Ruia (Non-Executive, Independent) Mr. D. K. Shukla (Non-Executive, Independent)
Shareholders & Investors Grievance Committee	Mr. D. S. Mehta, Chairman* (Non-Executive) Mr. Shishir Bajaj (Chairman & Managing Director) Mr. R.V. Ruia (Non-Executive, Independent)
Management Committee	Mr. Shishir Bajaj, Chairman* (Chairman & Managing Director) Mr. Kushagra Bajaj (Vice-Chairman & Joint Managing Director) Mr. D. S. Mehta (Non-Executive) Dr. Sanjeev Kumar, Director (Corporate & Legal Affairs)

*Chairman of the respective Committee.

The Board is responsible for 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.

Code of Conduct

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

Audit Committee

Constitution and Composition

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

Meetings and Attendance

The Audit Committee met six times during the year on the following dates (See Table 6)

TABLE 6 : Audit Committee Meetings

Date of Audit Committee Meetings	Duration of Meeting
November 30, 2010	25 minutes
February 07, 2011	25 minutes
March 16, 2011	20 minutes
April 30, 2011	20 minutes
August 12, 2011	25 minutes
September 29, 2011	20 minutes

The attendance of each Committee Member is provided in Table 7.

TABLE 7 : Attendance at the meetings of the Audit Committee of Directors during financial year 2010-11

Name of Committee Members	Position	Meetings held	Meetings attended
Mr. R.V. Ruia, Chairman	Non-Executive, Independent	6	5
Mr. D. K. Shukla	Non-Executive, Independent	6	5
Mr. Alok Krishna Agarwal	Non-Executive, Independent	6	4

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

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 acted as the Secretary to the Audit Committee.

Brief description of Terms of Reference

The terms of reference of Audit Committee are quite comprehensive and include all requirements mandated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee 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 5 above.

Terms of Reference

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

- a. To determine the Company's policy on remuneration to Executive Directors and their relatives working in the Company, including pension rights and compensation payments.
- b. To approve the remuneration payable to all managerial personnel (under the Companies Act, 1956) including Executive Directors.
- c. To monitor ESOP Scheme promulgated by erstwhile Bajaj Hindusthan Sugar and Industries Limited till the Scheme is in force.

Meeting and Attendance

The Remuneration & Compensation Committee did not meet during the year.

Remuneration Policy

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

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

Remuneration to Directors

Remuneration of Non-Executive Directors

Non-Executive Directors were paid a sitting fees of ₹ 20,000 (upto April 30, 2011- ₹ 10,000) for attending each Board Meeting and ₹ 10,000 (upto April 30, 2011- ₹ 5,000) for attending each Committee Meeting. The details of sitting fees paid to Non-Executive Directors during the financial year 2010-11 are provided in Table 8.

Remuneration of Executive Directors

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

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

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

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

TABLE 8: Remuneration of Directors during financial year 2010-11

Name of Directors	Relationship with other directors	Salary	Commission	Sitting fees	Total	Notice period
		R				
Mr. Shishir Bajaj, Chairman & Managing Director	Father of Mr. Kushagra Bajaj	21,859,927	--	--	21,859,927	N.A.
Mr. Kushagra Bajaj, Vice-Chairman & Joint Managing Director	Son of Mr. Shishir Bajaj	14,423,588	--	--	14,423,588	N.A.
Mr. D. S. Mehta	--	--	--	245,000	245,000	N.A.
Mr. M. L. Apte	--	--	--	180,000	180,000	N.A.
Mr. R. V. Ruia	--	--	--	250,000	250,000	N.A.
Mr. D.K. Shukla	--	--	--	145,000	145,000	N.A.
Mr. Alok Krishna Agarwal	--	--	--	145,000	145,000	N.A.
Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs)	--	12,185,647	--	--	12,185,647	N.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/appointment. The term of office of Dr. Sanjeev Kumar is 5 years from the date of appointment. The Company does not have any service contract with any of the Directors.

Shareholders & Investors Grievance Committee

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

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

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

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

The following table shows the nature of complaints received from shareholders during 2010-11. No complaints were pending as on September 30, 2011.

TABLE 9: Details of Investor Complaints for the financial year 2010-11

Nature of complaints received during 2010-11	Number of Complaints	Solved to the satisfaction
Non-receipt of Dividend/Dividend Warrant	17	17
Non-receipt of Share Certificate	3	3
Non-receipt of Annual Report	8	8
Legal and others	1	1
Total	29	29

Meetings and Attendance

During the year under review, the Shareholders & Investors Grievance Committee met three times. The attendance of each Committee Member is provided in Table 10.

TABLE 10: Attendance at the meeting of the Shareholders and Investors Grievance Committee of Directors during the financial year 2010-11

Name of Committee Members	Position	Meetings 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 :

Remuneration & Compensation Committee

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

Shareholders' Right

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

Audit Qualification

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

Training of Board Members

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

Whistle Blower Policy

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

Subsidiary Companies

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

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

Information to Shareholders

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

Auditors' Certificate on Corporate Governance

The Company has obtained a certificate from its Auditors testifying to its compliance with the provisions relating to Corporate Governance laid down in Clause 49 of the Listing Agreement with the stock exchanges. This certificate is annexed to the Directors' Report for the year 2010-11 and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Report on Corporate Governance

This section, read together with the information given in the sections entitled (i) Management Discussion and Analysis and (ii) Shareholders Information, constitutes a detailed compliance report on Corporate Governance during the financial year 2010-11.

Management Discussion and Analysis

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

Steps for Prevention of Insider Trading Practices

In compliance with the SEBI (Prevention of Insider Trading) Regulations as amended in 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 80th AGM :	Saturday, the 11th day of February, 2012 at 11.30 A.M. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
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The previous three Annual General Meetings (AGM) of the Company were held on the following date, time and venue. (See Table 11)

TABLE 11: Date, Time and Venue of Annual General Meetings held :

AGM	Day, Date & Time	Venue
77th AGM	Tuesday, 24th March, 2009 at 11.00 A.M.	Kamalnayyan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
78th AGM	Thursday, 18th March, 2010 at 11.30 A.M.	Kamalnayyan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
79th AGM	Tuesday, 22nd March, 2011 at 11.30 A.M.	Kamalnayyan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

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

77th AGM

Subject matter of the Resolutions	Type of Resolutions
1. Re-appointment and remuneration of Mr. Shishir Bajaj as Managing Director of the Company, for a further period of five (5) years with effect from July 1, 2008.	Special Resolution
2. Resolution under Section 81(1A) of the Companies Act, 1956 regarding further issue of share capital read with SEBI (DIP) Guidelines, 2000.	Special Resolution
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 ` 2,500 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. Appointment of Mr. D. K. Shukla as Director of the Company, liable to retire by rotation.	Ordinary Resolution

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

Financial Calendar

Financial Year 2010-11	: October 1, 2010 to September 30, 2011
Audited Annual Results for the year ended September 30, 2011	: November 23, 2011
Mailing of Annual Report	: First week on January 2012
Unaudited first quarter financial result	: Second week of February 2012
Unaudited second quarter financial results	: Second week of May 2012
Unaudited third quarter financial results	: Second week of August 2012

Dividend Announcement

The Board of Directors of the Company has recommended a dividend of 40% (R 0.40 per share) on the equity share of the face value of R 1/- each for the year ended September 30, 2011, subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting. The Dividend paid in the previous year was 70%.

Date of Book Closure :

February 04, 2012 to February 11, 2012 (both days inclusive).

Date of Dividend Payment :

On or after February 11, 2012 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 11, 2012 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 03, 2012; 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 03, 2012.

Payment of Dividend

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

Unclaimed Dividends

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

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

Accordingly, unpaid/unclaimed dividends for the years 1995-96 to 2002-03 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 2003-04 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
2003-2004	3351	317,497.60	06/05/2012
2004-2005	3536	331,555.00	03/05/2013
2005-2006	13242	870,647.40	05/05/2014
2006-2007	10570	682,868.00	02/04/2015
2007-2008	15157	1,183,377.00	29/04/2016
2008-2009	12087	1,235,222.00	23/04/2017
2009-2010	15165	1,927,481.00	27/04/2018

Information on Directors being appointed / re-appointed

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

Communication to Shareholders

The Company has published its quarterly, half-yearly and annual results in all the editions of The Economic Times (English) and Lakshadeep (vernacular), Mumbai upto the quarter March 2011. From the quarter ended June 2011 onwards, the Company had/shall published/publish all its quarterly, half yearly and annual results in all 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 has been delegated to Mr. Shishir Bajaj, Chairman

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

Registrar and Transfer Agent

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

Share Transfer System

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

The number of shares transferred in physical category during the year 2010-11 was 10,246 as compared to shares 5,370 in 2009-10.

Dematerialisation of Shares

During the year 2010-11, 37612112* shares were dematerialised as compared to 172030 shares during the year 2009-10. The distribution of shares in physical and electronic modes as at September 30, 2011 and September 30, 2010. (See Table 12)

TABLE 12: Details of Shares held in physical and electronic mode

Categories	Position as at September 30, 2011		Position as at September 30, 2010		Shares Dematerialised during financial year 2010-11	
	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding	No. of Shares	% to total shareholding
Physical	3025257	1.32	3418704	1.79	-393447	-0.47
Demat:						
NSDL	203243178	89.01	172141647	89.96	31101531	0.95
CDSL	22088676	9.67	15796760	8.25	6291916	1.42
Sub-total	225331854	98.68	187938407	98.21	37393447	0.48
Total	228357111	100.00	191357111	100.00	-	-

*Including 36590124 equity shares allotted in electronic form as on January 05, 2011 pursuant to amalgamation of Bajaj Hindusthan Sugar and Industries Limited with 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
Bombay Stock Excgabge Limited (BSE)	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 R 1/- per share) for NSDL & CDSL: INE306A01021

Market Price Data

Equity Shares

The details of high/low market price of the equity shares of the Company at BSE Limited (BSE) and at The National Stock Exchange of India Limited (NSE) during the last accounting year of the Company are provided hereunder. (See Table 13)

TABLE 13: Monthly high/low Market Price of Equity Shares of Bajaj Hindusthan Limited during financial year 2010-11

Month	Quotation at BSE			Quotation at NSE		
	HIGH	LOW	CLOSING	HIGH	LOW	CLOSING
	FV R 1	FV R 1	FV R 1	FV R 1	FV R 1	FV R 1
October 2010	137.70	121.50	123.30	138.00	121.55	123.30
November 2010	144.00	98.30	106.00	143.95	98.00	105.85
December 2010	123.40	97.50	119.00	124.90	95.85	118.85
January 2011	123.90	80.30	82.00	123.95	80.20	82.05
February 2011	86.40	65.65	68.25	86.30	65.70	68.20
March 2011	73.15	67.00	71.20	73.40	66.80	71.10
April 2011	85.35	71.50	74.90	85.35	60.15	75.00
May 2011	77.90	61.65	67.65	77.85	61.50	67.65
June 2011	71.40	61.55	71.05	71.70	58.00	71.10
July 2011	75.85	63.10	67.80	75.80	67.75	68.05
August 2011	69.65	49.70	54.70	69.55	49.70	54.65
September 2011	58.85	37.70	38.55	58.95	37.60	38.75

The Company's GDR is listed and traded on the following Stock Exchanges :

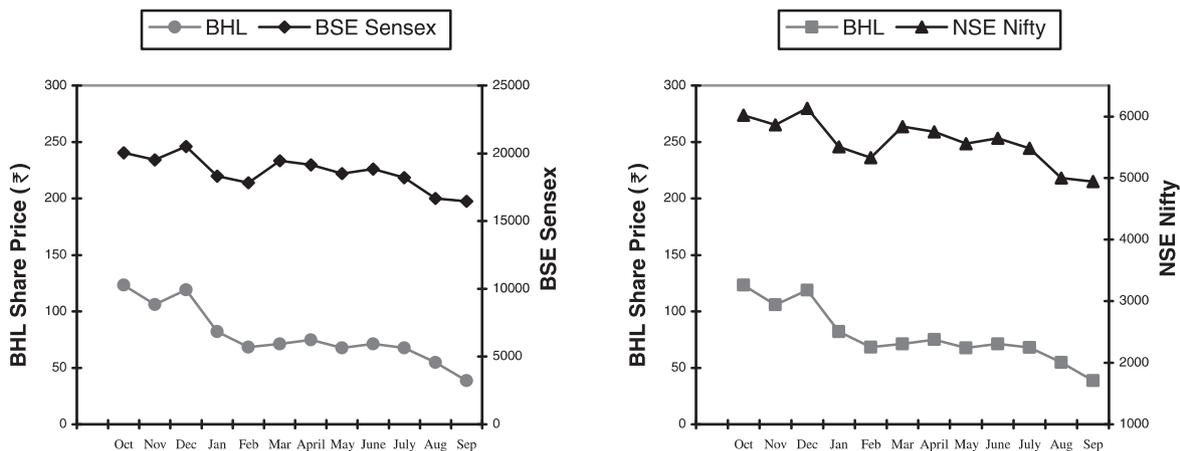
Name	Address	Stock Code
Bourse de Luxembourg	BP 165 L-2011 Luxembourg Seige social 11, avenue de la Porte - Neuve	GDR: US05710P2039 Bonds: USY0547CAA46**
London Stock Exchange	10 Patemoster Square London ECAM 7LS	GDR: US05710P1049

** Foreign Currency Convertible Bonds (FCCBs) earlier listed on Bourse de Luxembourg and London Stock Exchange were fully repaid on February 02, 2011.

Company has paid listing fees for the Financial Year 2010-11 to all the stock exchanges where its securities are listed.

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, 2011 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, 2011. (See Table 14)

TABLE 14: Shareholding distribution as at September 30, 2011

Category	No. of shareholders	% of total holders	No. of Shares	% of Capital
Upto 5000	134950	99.11	33474659	14.66
5001 to 10000	634	0.46	4500874	1.97
10001 to 20000	273	0.20	3779466	1.66
20001 to 30000	92	0.07	2291489	1.00
30001 to 40000	38	0.03	1359350	0.60
40001 to 50000	38	0.03	1753005	0.77
50001 to 100000	38	0.03	2988697	1.31
100001 and above	91	0.07	178209571	78.04
Total	136154	100.00	228357111	100.00

Shareholding Pattern

Table 15 gives the shareholding pattern of the Company as at September 30, 2011.

TABLE 15: Shareholding pattern as at September 30, 2011

Category	September 30, 2011		September 30, 2010	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoters	79969365	35.02	79969365	41.79
Mutual Funds/UTI	79229	0.03	1531220	0.80
Financial Institutions/Banks	747733	0.33	829125	0.43
Insurance Companies	14645060	6.41	14642340	7.65
Foreign Institutional Investors	26659163	11.67	31938290	16.69
NRIs & OCBs	1162608	0.51	1171981	0.61
GDRs	1600600	0.70	1600600	0.84
Others	103493353	45.33	59674190	31.19
Total	228357111	100.00	191357111	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 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 in 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 GDRs/ Bonds	Value in USD	Conversion dates	Likely impact on equity shares of the Company
GDRs	1600600	N.A.	N.A.	N.A.
Foreign Currency Convertible Bonds issued to International Finance Corporation, Washington of USD 15 million	100	15000000	June 16, 2014	2449950 equity shares

Nomination

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

Plant Locations

Sugar Mills

1. Golagokarannath, District Lakhimpur Kheri, Uttar Pradesh
2. Palia Kalan, District Lakhimpur Kheri, Uttar Pradesh
3. Kinauni, District Meerut, Uttar Pradesh
4. Thanabhawan, District Muzaffarnagar, Uttar Pradesh

5. Budhana, District Muzaffarnagar, Uttar Pradesh
6. Bilai, District Bijnor, Uttar Pradesh
7. Barkhera, District Pilibhit, Uttar Pradesh
8. Khambarkhera, District Lakhimpur, Uttar Pradesh
9. Gangnauli, District Saharanpur, Uttar Pradesh
10. Maqsoodapur, District Shahjahanpur, Uttar Pradesh
11. Pratappur, District Deoria, Uttar Pradesh
12. Rudauli, District Basti, Uttar Pradesh
13. Utraula, District Balrampur, Uttar Pradesh
14. Kundarkhi, District Gonda, Uttar Pradesh

Distillery

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

Co-Generation

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

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

Address for Correspondence

Investors and shareholders can correspond with :

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

AND/OR

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

By Post/ Courier/ Hand Delivery	By Hand Delivery
Sharepro Services (India) Private Limited Unit : Bajaj Hindusthan Limited 13AB Samhita Warehousing Complex 2nd Floor, Sakinaka Telephone Exchange Lane Off. Andheri-Kurla Road, Sakinaka, Andheri (E) Mumbai 400 072 Phone No. (022) 67720400/001/002 Fax No. (022) 28508927, 28591568 Email: sharepro@shareproservices.com	Sharepro Services (India) Private Limited Unit : Bajaj Hindusthan Limited 912 Raheja Centre Free Press Journal Road Nariman Point, Mumbai 400 021 Tel. No.: (022) 22825163 Fax No.: (022) 22825484 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.

Mumbai,
November 23, 2011

For Bajaj Hindusthan Limited
Shishir Bajaj
Chairman & Managing Director

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, 2011, 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 23, 2011

Management Discussion and Analysis

I. Global Scenario

Sugar Year 2011 (SY 2011) witnessed increased production of sugar across the globe to 161.4 million MT, an increase of 5.3% primarily driven by an increase of around 5.5 million MT in India alone.

SY2011 has seen a rise in the production of sugar across all major sugar producing and consuming countries. This trend is likely to continue in SY2012 despite reduction in sugar output from Brazil. The table below summarises the World Sugar Balance:

Table 1: World Sugar Balance

(MMT, Raw Value)

	SY08-09	SY09-10	SY10-11E	SY11-12E
Opening Stock	40.5	28.1	26.2	24.1
Production	143.3	153.3	161.4	167.3
Consumption	155.0	154.5	161.7	164.8
Adjustments	-0.7	-0.7	-1.8	-0.1
Closing Stock	28.1	26.2	24.1	26.5

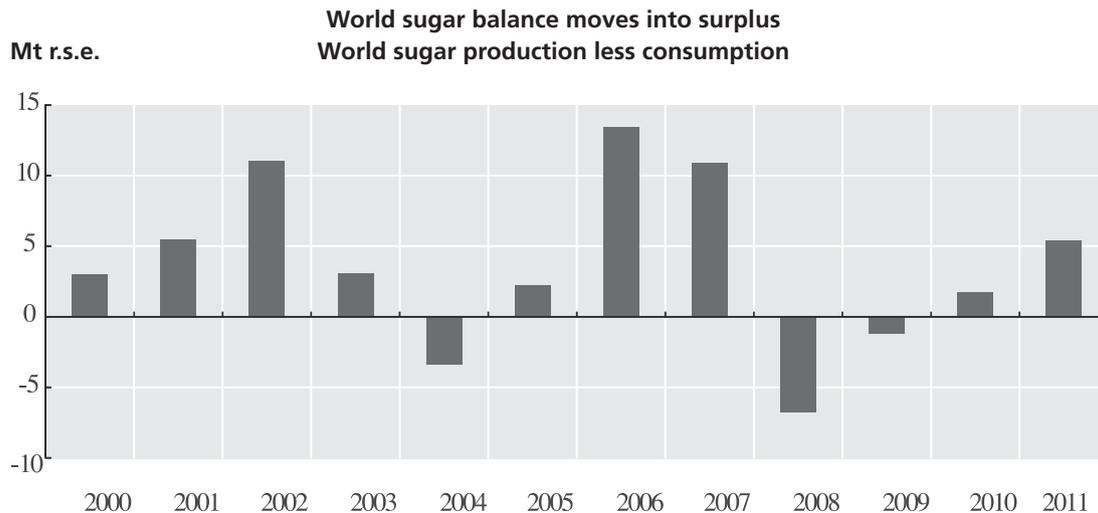
Source : UNICA, USDA

During SY2011, Brazil output was revised downwards several times by UNICA and other leading sugar research agencies and this led to a speculative propelled rise in sugar prices by over 25% in the second half of SY2011 which as of date has corrected sharply.

Given the increasing trend of sugar production and an estimated 167 million MT production in SY2012, it is unlikely that sugar prices will have any upward buoyancy over the next year. This is despite the fact that Brazil,

the largest producer is expected to have lower sugar production due to adverse weather conditions, better ethanol pricing and logistics issues.

The lower production from Brazil is likely to be offset by higher output from India, Australia and notably Thailand which is expected to produce a record 10 million MT. On the other hand, the European Union is likely to witness reduced imports as large importing countries such as Russia is expected to have better beet sugar output.



Source: OECD and FAO Secretariats.

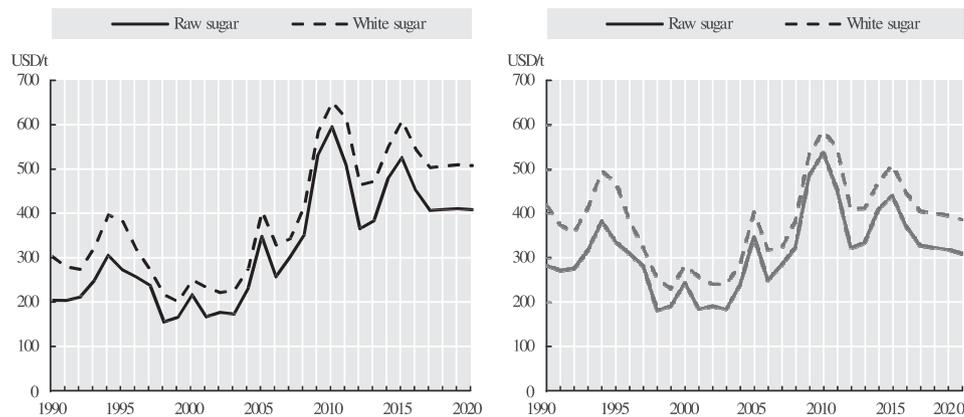
Global Sugar Prices

The world sugar market continues to experience considerable price volatility. The world indicator price for raw sugar witnessed a succession of peaks and downward corrections in 2010 before soaring to a 30-year high of USD 36.08 cts/lb (USD 795.4/t) in February 2011. Market fundamentals driving volatile prices were large global sugar deficits in the previous two seasons and adverse weather in a number of countries that reduced the size of the expected rebound in production to higher prices. World sugar stocks, which had already been drawn down, fell to their lowest level in 20 years in 2010-11, supporting higher as well as more volatile market price.

International sugar prices are expected to ease back over the remainder of 2011 and into 2011-12, as production responds around the world to recent high prices and the global balance moves into a larger surplus that allows the start of stock rebuilding.

While sugar prices may not exhibit any upward trend in SY2012 as compared to SY2011, the high cost of production in India (mainly due to exorbitantly high cane price) and Brazil, will set the floor prices for sugar both domestically and in the international markets.

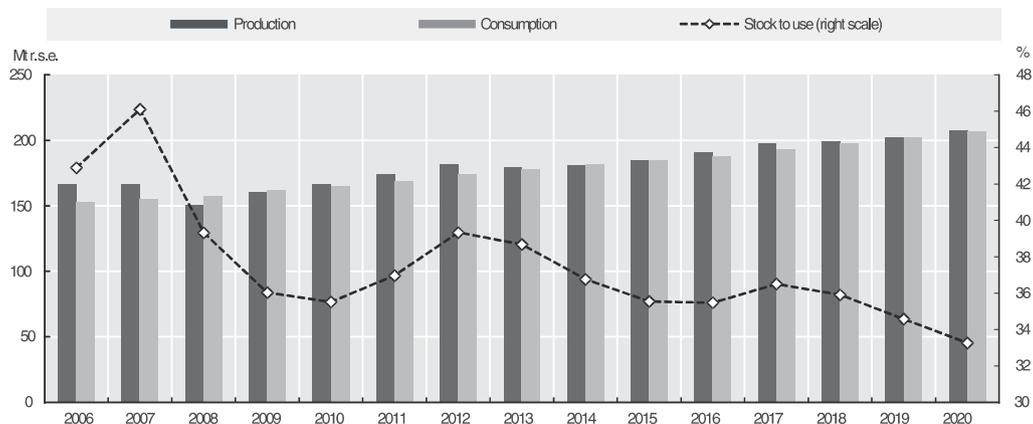
World prices to decline but to remain on a higher plateau
Evolution of world sugar prices in nominal (left figure) and real terms (right figure) to 2020¹



¹Source: OECD and FAO Secretariats.

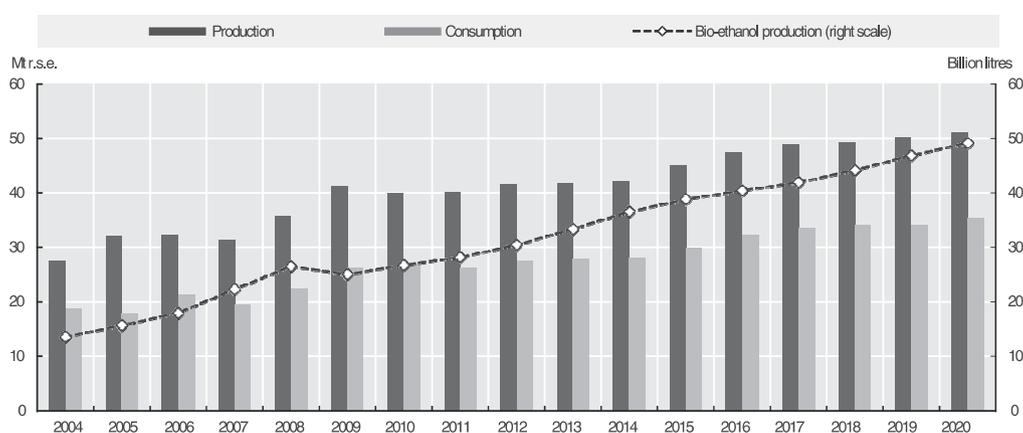
Outlook

Given the much faster rebound 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.



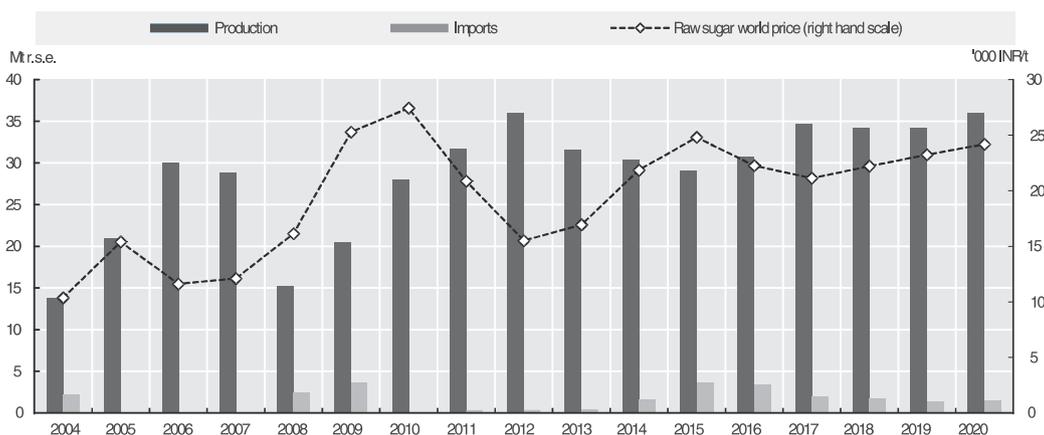
Brazil is expected to consolidate its position as the leading global exporter and will account for over 55% of global trade and over 63% of all additional sugar exports by the close of the projection period. While the bulk of Brazil's exports will continue to comprise high quality raw sugar, which is 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.



Another important feature will be the influence of India on global sugar prices. As India's exportable surplus increases as it happened in SY2010 is likely in SY2011, 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

As is typical of the Indian sugar industry, production continues to be largely influenced by the level of sugarcane production which in turn is dependent on the minimum support prices of sugarcane be it State Advised Price (SAP) or the Fair and Remunerative Price

(FRP). Given the high sugarcane price set, sugar cane production and consequently sugar production in India has rebounded in SY2011 to around 24.5 million MT from 19 million MT in the previous year.

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	2010-11P	2010-12E
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

@ As per Government, the opening stock at the beginning of 2010-11 is 49.80 lakh tonnes. The difference in ISMA figures and government figures is on account of:

- (i) 5 lakh tonnes BIS sugar reprocessing in 2009-10 sugar year.
- (ii) 4.13 lakh tonnes released for export although only 2.35 lakh tonnes were exported.
- (iii) 1 lakh tonne difference in imported sugar during 2008-09 & 2009-10.

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 Sugarcane 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 P	4,932	3,25,000	68.0	525

The total area under cane is estimated to increase to 5,079,000 hectares according to ISMA which substantiates our view of a likely sugar production of around 26 million MT in SY2012.

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. Yield per hectare has improved marginally from 66 tonnes per hectare to 68 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 hectares)	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	1,093.0	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 2010-11 is ` 139.12 per quintal linked to recovery of 9.5% subject to premium of ` 1.46 per quintal for every 0.1% increase in recovery. SAP fixed by UP State Government is ` 205 per qtl. for the same period. On November 8, 2011, the Uttar Pradesh Government announced a hike in sugarcane SAP for the crushing season 2011-12 by ` 35 a quintal. The price of ` 240 per quintal is substantially higher than the Central Government's FRP of ` 145 per quintal of cane for the season 2011-12.

The SAP hike is a blow to the millers in U.P., who are already making a loss of almost ` 2-3 a kilo due to higher cost of production of sugar. Presently the ex-mill price of sugar is hovering around ` 28.50 a kg. in Uttar Pradesh. If mills have to pay a price of ` 240 per quintal to the farmers, then the ex-mill price will have to be somewhere between ` 33-34 a kg.

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 20% till season 2009-10. For season 2010-11, it is again revised as 10% Levy & 90% Free. In view of SMP being replaced by FRP, the levy price will also undergo a revision and now levy sugar price may be calculated by taking FRP as a base instead of SMP. Levy sugar prices are usually lower than market prices. Sugar sales are subject to release orders from time to time.

Few of government policies announced during the season 2010-11 are briefed below:

Cane and Sugar Policy

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

1. Restrictions on export of sugar. During the year, 1 million tonne sugar only was allowed to be exported and that too in two tranches. This denied the industry the benefit of spurt in international sugar prices which went as high as 32.57 cents per pound in February 2011.
2. Stock holding limit on sugar. While on the one hand the institutional customers were not allowed to hold stock of sugar beyond their ninety days' consumption, they were allowed to import sugar without any restriction. This led to lesser offtake of sugar and softening of the prices.
3. The Government continued its policy to impose 10% levy obligation for the Public Distribution System (PDS) on the domestic sugar mills which was procured at a price lower by ` 1000/qrtl as compared to the market price.
4. The levy price fixed for 2010-11 was ` 1863.47/qrtl in Uttar Pradesh.
5. UP Government has, through a November 8, 2011 order, announced a ` 35-40 per quintal increase in the State Advised Price (SAP) of sugarcane for the year 2011-12. Landed cost of cane (inclusive of basic SAP, purchase tax, society commissions and inward freight costs) shall be around ` 260/qrtl.

The rise in cane price shall affect the cost of sugar manufacturing and reduce the margins. Mills are now required to pay farmers at least ` 240 per qtl for general variety of cane, and ` 250 per quintal for early maturing varieties that have higher recovery against ` 205 and ` 210 per qtl respectively during the last season. The higher cane price shall mean the cost of production to increase by about ` 3.60 per kg (taking into account a recovery of 9.5%). The sustainability of the mills at such a high price is possible only if the sugar price gets hiked.

6. On November 22, 2011, the Central Government allowed export of a million tonne of sugar under Open General Licence for the 2011-12 crop marketing year that started in October and also lifted the stock holding limit on the sweetener from November 30, 2011. The export would help improve the industry's cash flow by ` 2,800-2,900 crore, considering an average ex-mill price of ` 2,800-2,900 per quintal which will be utilised in making payment to sugarcane farmers and reduce inventory carrying cost. The withdrawal of holding limits will generate demand for stocking purposes. However, it is very unlikely that mills would make hefty profits after this export decision, since international prices had also softened.

Ethanol Policy

As per ISMA, about 580 million litres of fuel ethanol supplies were contracted for the Oct.-Sep. 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.

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 2011-12 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 down turn in sugar business.

d. Financial Management

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

III. Bajaj Hindusthan's (BHL) Position

Capacities and Locations

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

The following table details individual plant capacities:

Table 5 : BHL plant capacities

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

Ethanol Opportunity

In order to exploit the opportunity thrown open by Government of India decision to allow blending of Ethanol with petrol at 5% level, we increased our Ethanol production capacity from 60 KL/day to 800 KL/day. The Company has been one of the largest supplier of Ethanol in country for blending purpose and had supplied the years 2006-2009 to Public sector oil companies.

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

C. Regulatory Risk

i. Environmental risks

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

ii. Government policy-related risks

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

unless the industry is completely decontrolled.

2. Controllable Risks

1. Productivity
2. Drawal rate
3. Management Bandwidth

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

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

De-Risking Strategy

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

Internal Control Systems and their adequacy

The Company has in place, an adequate system of Internal control to reasonably safeguard its assets against loss through unauthorised use and pilferage. A comprehensive system of internal controls employed by the Company ensures optimal use of the resources available at its disposal. Internal Audits and checks are an ongoing process within the Company. Out of total 14 units, internal audit functions of 4 units have been outsourced from M/s Singhi & Co. (Kundarkhi and Budhana) and M/s L.B. Jha & Co. (Thanabhawan and Utraula).

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

- To ensure strong internal control system to minimise the risk of frauds, errors & omissions and safeguarding of assets.
- To ensure compliance of corporate policies and procedures in line with Delegation & HR manuals.
- To critically analyse various systems and suggest remedial measures for the weaknesses persisting in the system.
- To ensure proper compliance of Standard Operating Procedures (SOPs) to achieve overall uniformity in operations and reporting across all the units.

- To ensure cost consciousness through Pre & Post Audits.
- To submit reports for the deviations in policies and procedures along with recommendations and to ensure their timely implementation.

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

- Checking of Accounts vouchers on test check basis.
- Physical verification of Stores Inventory annually & "A" class Stores Inventory on quarterly basis.
- Reporting on overdue debtors on A/c of Sales of Sugar, Molasses & Organic Manure etc.
- Reconciliation of Empty Sugar Bags & reporting on Losses of Empty bags during handling.
- Review of Statutory dues and timely filing of returns.
- Checking of Excise and Service Tax Reconciliations for timely availing input credit in eligible cases.
- Pre-Audit of Purchase & Work Orders issued from units having value > ` 5,000/- each & Post Audit at Noida office having value > ` 50,000/- each.
- Verification of system of recording all incoming materials including freight incurred thereon.
- Review & reporting on material sent to outside parties for repair/jobwork.
- Review of Inter unit and Inter Company material in Transit cases.
- Surprise checking of dispatch of Sugar, Molasses & Bagasse on Sample basis.
- Surprise check of Cane Centres, records maintained thereat and review of Cane control, checks & MIS reports.
- Checking of safety measures and civic conditions of Sugar Godowns at Units.
- Checking and reporting on Employee's Imprest debit balances.
- Checking and reporting on Excess Interest charged by Bank on OD/CC Accounts.
- Other Assignments as attributed from time to time with specific instructions from management.

Human Resources / Industrial Relations

The industrial relations at the Company's Sugar Mills

and Head Office were cordial throughout the year under review. The Company is committed to create an organisation that nurtures the talent and enterprise of its people, helping them grow and find fulfillment in an open culture. Its growth strategies are based on a strong Human Resource (HR) foundation created through a judicious use of innovative and complementary HR processes and systems. As of September 30, 2011, BHL had 7,245 employees.

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

- A need based training calendar comprising of Training on Safety, House Keeping, Fire Fighting, Energy Conservation, Skill up-gradation programme (technical & non technical), Communication skills, Team Building, Personality Development, Induction Programme for new employees etc. has been designed for all units which are organised at units by internal and external faculties.

During the year, ITI Crash Course designed by ITI, Sarsava of Saharanpur District in collaboration with Company's technical officers to meet plant requirements was organised for those employees under Land Sellers category at Gangnauli Unit. The participants were awarded ITI Certificates after completion of 3-weeks long Class Room Training Programme.

- 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 building & development of employees at grassroot level. Our Q.C. team have won Gold awards in both International Convention of Q.C. and National Convention of Q.C. organised by QCFI (Quality Circle Forum of India) held in October 2010 and in December 2010 respectively.
- 5-S approach for productivity, quality & safety improvement for an orderly workplace. During the year, training sessions were conducted by specialist corporate trainers of Lotus Institute of Management/ Drishti -The Educational, Training & Management Consultants. This was followed up by periodic audit by qualified auditors of 5-S at all units.
- HIV/AIDS Education & Prevention Programme at work place in collaboration with International Labour Organization for spreading awareness among staff and local villagers.

- Three days Yoga Camp by Master Trainers of Patanjali Yogpeeth Trust, Haridwar, where large number of Officers, Workers and their family members participated in these camps with great zeal and enthusiasm.
- 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 excellence.
- 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 Shivar.
 - 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 in nearby villages.
 - g. Blood donation camps.

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. 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, Palia units in April 2010 and in April 2011 in Barkhera. In the year 2010, the foundation stone of the new school building at Maqsoodapur was laid and in 2011, the school shifted to the new premises, which has all modern teaching amenities & aid. The school has applied for the CBSE affiliation for Class-X.

BPS has so far taken responsibility to nurture positively the delicate & tender minds of approx 800 students. The School is running as a creative centre for learning & development. It has provided employment to more than 20 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 is also conducting surveys in the adjoining villages of some units and finding out the people who are extremely underprivileged.

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 2009-10 to the extent that current financial year include figures pertaining to the erstwhile subsidiary Bajaj Hindusthan Sugar and Industries Limited (BHSIL) for full year, however in the previous year these were of six months period ended September 2010, viz. from the Appointed Date as April 01, 2010 to September 30, 2010 consequent upon the merger of BHSIL with the Company as approved by Hon'ble High Court of Judicature at Bombay vide order dated November 26, 2010.

TABLE 6 : Operational Data

	Unit	2010-11	2009-10
Cane Crushing	MMT	10.220	8.467
Raw Sugar Processing	MMT	0.089	0.327
Sugar Recovery	%	9.31	9.24
Sugar Production - From Cane	M.T.	951,757	782,118
- From Raw Sugar	M.T.	86,125	315,262
Industrial Alcohol Production	K.L.	89,059	94,719
Molasses Production	M.T.	519,391	442,433
Power Generation	M.W.	556,578	448,901

During the year, the production of Sugar from sugarcane has increased to 9,51,757 MT as compared to 7,82,118 MT and production from raw sugar has decreased to 86,125 MT as compared to 315,262 MT due to less processing of raw sugar. The production of Molasses has increased to 5,19,391 MT as compared to 4,42,433 MT in previous year. The Industrial Alcohol / Ethanol production was lower at 89,059 KL as compared to 94,719 KL in previous year. Power generation was higher at 556,578 MW as compared to 4,48,901 MW in previous year recording a growth of 24%, largely due to higher quantum of bagasse available from the crushing of sugarcane.

Looking to the reduced sugarcane crop acreage in sugar season 2009-10, the company took necessary steps to ensure availability of cane so that plants can operate at optimum capacity. Though, cane crop acreage reduced in U.P., the quality of sugarcane improved, resulting into higher production of sugar and other related products i.e. molasses and power. Recovery of sugar from sugarcane was higher this year at 9.31% as against 9.24% in

the previous year. The farmers have again shifted from other crops to sugarcane crop due to higher Fair and Remunerative Price (FRP), State Advisory Price (SAP) fixed by the Central Government and State Government respectively.

Results of Operations

TABLE 7 : Summarised Financial Results

₹ Crore

Particulars	2010-11	2009-10
Revenue	4,919.15	3,028.98
Earnings before interest, depreciation and tax (EBIDTA)	865.80	613.82
Interest & Finance Charges (Net)	515.95	301.34
Cash Profits	349.85	312.48
Depreciation & Amortisation	330.91	257.44
Profit before Tax	18.94	55.04
Provision of Taxation	6.94	3.29
Profit after Tax	12.00	51.75
Basic and Diluted Earning per share (₹)	0.53	2.51

Turnover

Increase in revenue is due to higher volume of sales and higher sales realisation of alcohol and power.

Analysis of sales

During the year, the Company sold 1,374,407 MT of Sugar as against 926,966 MT during the previous year, registering an increase of 48%. The Company also sold 96,497 MT of Molasses as against 54,602 MT in the previous year, reporting an increase of 76%. Alcohol/ Ethanol sales during the year were also higher at 124,366 KL as against 63,123 KL during the previous year, reporting an increase of 97%. The Company exported 175,842 MW of power during the year as against 130,635 MW during the previous year, reporting an increase of 35%.

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

TABLE 8 : Sales revenue

	Unit	2010-11			2009-10		
		Qty	Value ` Crore	Realisation* `/MT/KL/MW	Qty	Value ` Crore	Realisation* `/MT/KL/MW
Sugar	M.T.	1,374,407	3,907.06	28,427	926,966	2,731.95	29,472
Alcohol / Ethanol	K.L.	124,366	356.80	28,689	63,123	162.82	25,794
Molasses	M.T.	96,497	24.28	2,516	54,602	16.08	2,945
Power	M.W.	175,842	72.25	4,109	130,635	51.97	3,978

* Includes excise duty

Approximately 10% of total sugar sales were to certain parties against permits (Levy) issued by the Government of India. The remaining 90% being free sale sugar was sold in the domestic market through a network of agents.

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

Other Income

Other income for the year was ` 68.75 crore against ` 155.38 crore in the previous year.

The major components of other income were Lease Rent of ` 14.96 crore, provision no longer required/ credit balance appropriated of ` 7.14 crore and surplus on sale of assets of ` 4.11 crore. Apart from that there were sale of scrap/store and miscellaneous receipts etc., which also includes ` 28.19 crore on account of profit on sale of sugar export licences during the year.

Other expenses

During the year, other expenses were ` 277.66 crore as against ` 246.27 crore in the previous year. The increase in other expenses was largely due to higher crushing of sugarcane.

Earnings before Interest, Depreciation and Tax (EBIDTA)

The EBIDTA achieved for the year is ` 865.80 crore as against ` 613.82 crore in the previous year. The increase in EBIDTA margins is mainly on account of higher volume of sales, higher realisation of

alcohols, power and raw sugar sale as compared to previous year.

Interest & Finance Charges

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.

The interest cost was also higher on account of holding of raw sugar & sugar stocks carried over from the previous year.

Depreciation & Amortisation

The depreciation for the year increased from ` 257.44 crore to ` 330.91 crore mainly due to depreciation on assets of amalgamating company i.e. erstwhile BHSIL w.e.f. April 01, 2010. In the current year depreciation on the assets of amalgamating company is of full year as compared to six months ended September 30, 2010 in the previous year since the appointed date of amalgamation was April 01, 2010.

Provision for Tax

Provision for taxation includes current tax of ` 16.00 crore, excess provision of tax of earlier year reversed of ` 4.09 crore, MAT credit entitlement of earlier years reversed ` 6.60 crore, deferred tax liability of ` 4.31 crore and wealth tax of ` 0.12 crore. During the year MAT credit entitlement is ` 16.00 crore. In the previous year, provision for current tax was ` 16.35 crore, deferred tax liability of ` 3.19 crore and provisions for wealth tax was ` 0.10 crore and MAT credit entitlement was ` 16.35 crore.

Balance Sheet

The summarised Balance Sheet as at September 30, 2011 is as under (Table 9) :

TABLE 9 : Summarised Balance Sheet ` Crore

Financial year ended September 30,	2011	2010
Sources of Funds		
Shareholder's Funds		
Capital	22.84	19.14
Equity Share Suspense	-	3.70
Stock Options outstanding	15.30	15.30
Reserves and Surplus	3,101.77	3,098.82
Sub Total	3,139.91	3,136.96
Loan Funds	5,196.81	5,543.13
Deferred Tax Liability	87.74	83.43
Total	8,424.46	8,763.52
Application of Funds		
Fixed Assets Including CWIP	5,417.06	5,571.19
Investments	1,343.84	1,113.39
Current Assets, Loans & Advances	3,032.23	3,987.87
Less: Current Liabilities & Provisions	1,368.67	1,908.93
Net Current Assets	1,663.56	2,078.94
Total	8,424.46	8,763.52

Capital

On January 5, 2011, the Company has allotted 37000000 Equity Shares of ` 1/- each fully paid up to the equity share holders of the amalgamating company whose names were registered in the register of members on record date and to a Trust created by the Company as per the terms of the Scheme of Amalgamation against its investments in and advances made to the amalgamating company, without payment being received in cash.

Reserves and Surplus

Reserves and Surplus increased to ` 3,101.77 crore on September 30, 2011 as against ` 3,098.82 crore on September 30, 2010, due to profit during the year.

Loan Funds

Loan funds decreased to ` 5,196.81 crore as against ` 5,543.13 crore in the previous year mainly due to repayment of loans.

Fixed Assets

Gross Block increased from ` 6,509.87 crore to ` 6,746.38 crore mainly due to capitalisation of foreign currency fluctuation loss as per AS 11. The decrease in fixed assets (net of depreciation) including CWIP by ` 154.13 crore from ` 5,571.19 crore to ` 5,417.06

crore was mainly because of net impact of depreciation charged and capitalisation during the year.

Investments

During the year, Company has invested ` 234.98 crore in Lalitpur Power Generation Company Limited (Subsidiary), by subscribing to 4736700 equity shares of ` 10/- each and ` 0.02 crore in Bajaj Power Generation Pvt. Ltd. (Subsidiary) by subscribing to 20000 equity shares of ` 10/- each. Another subsidiary Bajaj Internctional Participações Ltda., Brazil has opted for voluntary dissolution as per the applicable regulations of Brazil during the year. The said subsidiary company has filed/ in the process of filing the required information with the regulators for obtaining dissolution order. The Company has received back the capital which has been credited to Investment.

Inventories

The inventory of sugar at the end of the year was 123,043 MT equivalent to 33 days' sales as compared to 181 days' sales in the previous year, this was due to higher sales during the year. Alcohol inventory at the end of year was 9,137 KL equivalent to 27 days' sales as compared to 260 days' sales in the previous year. In view of expected volume growth, the inventory liquidation is monitored very closely and the Company does not foresee any difficulty in selling the products manufactured by it.

Debtors

In line with the Company's focus on effective working capital management, vigorous efforts were made to recover dues from debtors. The debtors at the end of the year were equivalent to 18 days of sales as compared to 20 days of sales in the previous year.

Significant non-recurring income, expenditure and other items

Income

The surplus on sale of assets of ` 4.11 crore and the provisions no longer required / credit balance appropriated, ` 7.14 crore, were of non-recurring nature.

Expenditure

The loss on assets sold/discarded, ` 2.71 crore is of non-recurring nature.

Contingent Liabilities

The status of contingent liabilities as at September 30, 2011 has been reviewed by the management. Efforts are being made for speedy settlement of pending cases.

Control measures for cane procurement

Besides smooth functioning of plants, timely and regular procurement of sugarcane is the most important activity of the Company. Continuous efforts are being made to ensure systematic indenting, procurement and crushing of sugarcane. The regular supply of cane also depends upon regular flow of payment to the farmers for which the Company has a good reputation in the

entire sugar industry. Though the current systems are adequate, as a matter of routine, these systems are periodically reviewed by the senior management team from time to time and corrective measures, if and when considered necessary, are taken to ensure the smooth flow of sugarcane.

Division-wise Operations

Sugar Division

Crushing details of plants during the year 2010-11 are given in Table 10 :

TABLE 10 : Cane crushing, Sugar recovery and Sugar production

Plant Location	Zone	2010-11			2009-10		
		Cane Crushing MMT	Sugar Recovery (%)	Sugar Production (Tonnes)	Cane Crushing MMT	Sugar Recovery (%)	Sugar Production (Tonnes)
Gola Gokarannath	Central UP	1.399	9.78	136,854	1.184	9.68	114,583
Palia Kalan	Central UP	1.184	9.30	110,045	1.161	8.69	100,797
Kinauni	Western UP	1.097	8.58	94,095	1.224	9.00	110,100
Thanabhawan	Western UP	0.707	8.85	62,533	0.777	9.03	70,208
Budhana	Western UP	0.911	9.06	82,503	0.981	9.37	91,964
Bilai	Western UP	0.834	10.24	85,469	0.871	10.15	88,528
Gangnauli	Western UP	0.410	9.18	37,666	0.454	9.07	41,188
Khambarkhera	Central UP	0.863	9.31	80,309	0.796	9.11	72,607
Barkhera	Central UP	0.677	9.16	61,956	0.643	8.95	57,538
Maqsoodapur	Central UP	0.482	9.30	44,841	0.376	9.20	34,605
Pratappur	Eastern UP	0.215	9.80	21,029	-	-	-
Rudauli	Eastern UP	0.201	9.15	18,367	-	-	-
Utraula	Eastern UP	0.439	9.37	41,095	-	-	-
Kunderkhi	Eastern UP	0.801	9.37	74,995	-	-	-
Total		10.220	9.31	951,757	8.467	9.24	782,118

Apart from the above, during the year the Company processed the raw sugar at six plants and produced 86,125 MT of sugar (previous year 315,262 MT).

Distillery Division

The distillery division produced 89,059 kilolitres of industrial Alcohol/Ethanol against 94,719 kilolitres in the previous year. However, Alcohol/Ethanol sales aggregated 124,366 kilolitres against 63,123 kilolitres in the previous year registering an increase of 97%.

In value terms, the sale of industrial Alcohol/Ethanol during the year was ` 356.80 crore as against ` 162.82 crore in the previous year registering an increase of 119%.

Power Division

The sale of power recorded at ` 72.25 crore in the current year as against ` 51.97 crore in the previous year registering an increase of 39% mainly due to availability of more bagasse from sugarcane crushing.

Accounting Policies

The financial statements have been prepared in compliance with the requirements of the Companies

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

Cautionary/Futuristic Statements

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

CEO / CFO Certification

The Board of Directors,
Bajaj Hindusthan Limited,
Mumbai

Re: Financial Statements for the year 2010-11 – Certification by CEO and CFO

We, Shishir Bajaj, Chairman & Managing Director and Manoj Maheshwari, Chief Finance Officer of Bajaj Hindusthan Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ending September 30, 2011 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended September 30, 2011 which are fraudulent, illegal or violative on of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) there have been no significant changes in internal control during this year;
 - (b) there have been no significant changes in accounting policies during this year; and
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Shishir Bajaj
Chairman & Managing Director

Manoj Maheshwari
Chief Finance Officer

Mumbai,
November 23, 2011

Auditors' Report

To The Members of Bajaj Hindusthan Limited

We have audited the attached Balance Sheet of BAJAJ HINDUSTHAN LIMITED as at 30th September, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in

section 211 (3C) of the Companies Act, 1956, to the extent applicable;

- (e) On the basis of the written representations received from the Directors, as on 30th September, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 30th September, 2011, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2011;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai,
November 23, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR
REPORT OF EVEN DATE**

Re : BAJAJ HINDUSTHAN LIMITED (“the Company”)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification;
 - (c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year;
 - (b) As explained to us, the procedures of physical verification of the inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) According to the inventory records produced to us for our verification, we are of the opinion that the Company is maintaining proper records of its inventory. Further, discrepancies noticed on physical verification of inventories, if any, referred to above, as compared to book records, though not material, have been properly dealt with in the books of account.
 3. In respect of the loan, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - (a) The Company has given loans to two subsidiary companies. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 134.10 crores and outstanding balance as at year end is ₹ 133.92 crores;
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company;
 - (c) The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand;
 - (d) In respect of the said loans, these are 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 Clause (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
 4. In our opinion and according to the information and explanations given to us, there is generally adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 5. 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 entered into the register required to be maintained under section 301 of the Companies Act, 1956 have been so entered;
 - (b) The transactions 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 explanation 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 by the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
 7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
 8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in

respect of Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

9. In respect of statutory dues:
- According to the records of the Company, the Company has been generally regular in depositing with statutory authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess were outstanding, at the year end for a period of more than six months from the date they became payable.
 - On the basis of our examination of the documents and records of the Company and the information and explanations given to us upon our inquiries in this regard, there were no disputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty and Cess and not deposited with the appropriate authorities other than those stated hereunder:

Name of the Statute	Nature of Dues	Amount (in crores)	Period for which amount relates	Forum where dispute is pending
Central Sales Tax Act/VAT Act of various states	Sales Tax, VAT and Entry Tax	3.36	Various years from 1997-98 to 2010-11	Deputy/ Joint Commissioner/ Commissioner (Appeals)
		4.13	Various years from 1982-83 to 2010-11	Sales Tax Appellate Tribunal
		0.69	Various years from 1989-90 to 2006-07	High Court
Central Excise Act, 1944	Excise and Service Tax	7.14	Various years from 1981-82 to 2010-11	Commissioner of Central Excise (Appeals)
		23.78	Various years from 1981-82 to 2009-10	Central Excise and Service Tax Appellate Tribunal
		0.11	1993-94 & 2007-08	High Court
	Total	39.21		

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 three subsidiary companies from banks; the terms and conditions whereof in our opinion and as per the information and explanations given to us are not prima facie prejudicial to the interest of the Company.
16. Based on the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/ firms/parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the year covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Amit Chaturvedi
 Partner
 Membership No. 103141

Mumbai,
 November 23, 2011

Balance Sheet as at September 30, 2011

	Schedule	₹ Crore	As at Sept. 30, 2011 ₹ Crore	As at Sept. 30, 2010 ₹ Crore
I. Sources of Funds:				
Shareholders' Funds				
Capital	1	22.84		19.14
Equity Share Suspense		-		3.70
Stock Options Outstanding		15.30		15.30
Reserves & Surplus	2	<u>3,101.77</u>		<u>3,098.82</u>
			3,139.91	<u>3,136.96</u>
Loan Funds				
Secured Loans	3	5,064.96		4,429.77
Unsecured Loans	4	<u>131.85</u>		<u>1,113.36</u>
			5,196.81	<u>5,543.13</u>
Deferred Tax Liability			87.74	83.43
Total			<u>8,424.46</u>	<u>8,763.52</u>
II. Application of Funds:				
Fixed Assets				
Gross Block	5	6,746.38		6,509.87
Less: Depreciation		<u>1,356.74</u>		<u>1,029.96</u>
Net Block		5,389.64		5,479.91
Capital Work in Progress		<u>27.42</u>		<u>91.28</u>
			5,417.06	<u>5,571.19</u>
Investments	6		1,343.84	1,113.39
Current Assets, Loans & Advances				
Inventories		467.82		1,921.36
Sundry Debtors		248.20		163.10
Cash & Bank Balances		585.09		479.20
Loans & Advances		<u>1,731.12</u>		<u>1,424.21</u>
		<u>3,032.23</u>		<u>3,987.87</u>
Less : Current Liabilities & Provisions				
Current Liabilities	8	1,326.97		1,716.95
Provisions		<u>41.70</u>		<u>191.98</u>
		<u>1,368.67</u>		<u>1,908.93</u>
Net Current Assets			1,663.56	2,078.94
Total			<u>8,424.46</u>	<u>8,763.52</u>
Significant Accounting Policies and Notes	16			

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Profit & Loss Account for the year ended September 30, 2011

	Schedule	2010-2011 Crore	2009-2010 Crore
Income :			
Gross Sales / Income from Operations	9	5,005.48	2,970.27
Less: Excise Duty		155.08	96.67
Net Sales / Income from Operations		4,850.40	2,873.60
Other Income	10	68.75	155.38
		<u>4,919.15</u>	<u>3,028.98</u>
Expenditure :			
Raw Materials Consumed	11	2,739.38	2,765.64
Manpower Cost	12	170.35	146.82
Other Expenses	13	277.66	246.27
Interest & Finance charges (Net)	14	515.95	301.34
Depreciation & Amortisation		330.91	257.44
(Increase) / Decrease in Stocks	15	865.96	(743.57)
		<u>4,900.21</u>	<u>2,973.94</u>
Profit for the year before Taxation		18.94	55.04
Less: Provision for Taxation :			
Current Tax		16.00	16.35
(Excess) / Short provision of tax for earlier years		(4.09)	-
MAT credit entitlement of earlier years reversed		6.60	-
Deferred Tax		4.31	3.19
Wealth Tax		0.12	0.10
		<u>22.94</u>	<u>19.64</u>
Less: MAT credit entitlement		16.00	16.35
		<u>6.94</u>	<u>3.29</u>
Profit for the year		12.00	51.75
Add: Balance Brought Forward		178.58	79.00
Dividend paid of earlier year		(2.59)	(1.02)
Corporate Dividend Tax on Dividend paid		(0.43)	(0.17)
Debenture Redemption Reserve (No longer required)		66.25	75.00
		<u>241.81</u>	<u>152.81</u>
		253.81	204.56
Transfers to :			
Reserve for Molasses Storage Tanks		0.31	0.33
General Reserve		9.01	10.03
Proposed Dividend		9.14	13.40
Corporate Dividend Tax on Proposed Dividend		1.48	2.22
Balance carried to Balance Sheet		<u>233.87</u>	<u>178.58</u>
Basic & Diluted Earning per Share :			
Net Profit		12.00	51.75
Weighted Average No. of Shares		228,357,111	206,133,823
Basic & Diluted Earning per Share in Rupees (Face Value ` 1/- each)		0.53	2.51
Significant Accounting Policies and Notes	16		

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Cash Flow Statement for the year ended September 30, 2011

	2010-2011 Crore	2009-2010 Crore
A. Cash Flow from operating activities:		
Net Profit before Exceptional items and Taxation	18.94	55.04
Adjustment for:		
Depreciation & Amortisation	330.91	257.44
(Gain) / Loss due to Foreign Exchange Fluctuation	1.46	(14.00)
Loss/ (Surplus) on sale of Fixed Assets (Net)	(1.40)	(0.15)
Interest and Finance Charges	641.12	415.20
Dividend / Income from Current Investment Received	(0.61)	(3.59)
Profit on sale of investment	-	(16.61)
Interest Received	(125.17)	(113.86)
Employee's Compensation Expenses (ESOP Cost)	-	(0.88)
	<u>846.31</u>	<u>523.55</u>
Operating Profit before working capital changes	865.25	578.59
Adjustment for :		
Trade and other receivables	(56.69)	48.74
Inventories	1,453.54	(1,209.38)
Trade payables	(409.40)	8.23
Cash generated from operations	1,852.70	(573.82)
Direct taxes paid	(47.64)	(40.25)
Net Cash from/ (used in) operating activities	<u>1,805.06</u>	<u>(614.07)</u>
B. Cash Flow from investing activities :		
Purchase of Fixed Assets	(52.58)	(219.67)
Sale of Fixed Assets	13.69	2.69
Purchase of Investments	(255.10)	(4,700.50)
Sale of Investments	24.65	4,512.83
Loans and Advances	(254.08)	(61.44)
Dividend Received	0.61	3.59
Interest Received	114.94	113.86
Share Application Money Paid	(26.00)	-
Net Cash used in investing activities	<u>(433.87)</u>	<u>(348.64)</u>
C. Cash Flow from financing activities :		
Proceeds from borrowings (Net of repayments)	(636.43)	1,674.18
Issue of Equity Shares & Premium thereon :		
On conversion of Equity Warrants	-	56.70
Interest paid	(610.39)	(391.95)
Dividend paid (including tax thereon)	(18.48)	(15.58)
Net Cash from/ (used in) financing activities	<u>(1,265.30)</u>	<u>1,323.35</u>
Net increase/(decrease) in cash and cash equivalents	105.89	360.64
Cash and Cash equivalents as at Oct. 01 (Opening Balance)		
Earmarked for specific purposes	3.18	34.82
Other Balances	476.02	77.53
	<u>479.20</u>	<u>112.35</u>
Cash and Cash equivalents on Amalgamation	-	6.21
Cash and Cash equivalents as at Sept. 30 (Closing Balance)		
Earmarked for specific purposes	2.52	3.18
Other Balances	582.57	476.02
	<u>585.09</u>	<u>479.20</u>

Notes:

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

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Schedules Forming Part of Accounts

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at September 30, 2011 and Profit and Loss Account for the year ended on that date.

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
Schedule 1 - Capital		
Authorised:		
1,80,00,00,000 (80,00,00,000) Equity Shares of Re 1/- each	180.00	80.00
	<u>180.00</u>	<u>80.00</u>
Issued :		
68,50,71,333 (19,13,57,111) Equity Shares of Re 1/- each (Refer Note 16)	68.51	19.14
	<u>68.51</u>	<u>19.14</u>
Subscribed & Paid up:		
22,83,57,111 (19,13,57,111) Equity Shares of Re 1/- each	22.84	19.14
	<u>22.84</u>	<u>19.14</u>
Of the above shares :		
(i) 5,31,00,000 (5,31,00,000) Equity Shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves.		
(ii) 3,70,00,000 (Nil) Equity Shares have been allotted to the members of erstwhile Bajaj Hindusthan Sugar and Industries Limited pursuant to Scheme of Amalgamation.		

Schedule 2 - Reserves and Surplus

	As at Oct. 01, 2010	Additions	Deductions		
Capital Redemption Reserve	0.05	-	-	0.05	0.05
Securities Premium *	2,450.13	9.45	4.86	2,454.72	2,450.13
General Reserve **	400.00	10.00	-	410.00	400.00
Debenture Redemption Reserve	66.25	-	66.25	-	66.25
Reserve for Molasses Storage Tanks	3.81	0.31	0.99	3.13	3.81
Balance as per Profit & Loss Account	178.58	55.29	-	233.87	178.58
	<u>3,098.82</u>	<u>75.05</u>	<u>72.10</u>	<u>3,101.77</u>	<u>3,098.82</u>

* Additions to Securities Premium represent ` 9.45 Crore being excess provision of tax on premium on redemption of FCCBs written back. Deductions represent (i) ` 3.44 Crore being difference in provision of premium on redemption of FCCBs paid and (ii) ` 1.42 crore being change in provision for premium and tax thereon on redemption of FCCBs due to fluctuations in foreign currency rates.

** Additions to General Reserve represent ` 0.99 Crore being transfer from Reserve for Molasses Storage Tanks.

Schedule 3 - Secured Loans

Debentures		
15 - 11% Secured Redeemable Non-Convertible Debentures of ` 1,00,00,000 each series 30 of 2007-08	-	15.00
Loans & Advances from Banks	4,570.61	3,851.05
Other Loans & Advances	494.35	563.72
	<u>5,064.96</u>	<u>4,429.77</u>

Notes :

- Working Capital / Short Term Loans facilities from Banks are secured, on first pari passu charge basis, by hypothecation of certain inventories, book debts, other receivables and current assets and further secured / to be secured, on a third pari passu charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on certain immovable fixed assets and properties of the Company.
- Documentation for mortgage in respect of certain loans is under finalisation.
- Term Loans from Banks (except ECB of Yen 919.12 Crore, IDBI Bank term loan of ` 180.00 Crore and Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" for ` 54.81 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.
3. The ECB Loan of Yen 919.12 Crore is secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties. Documentation for mortgage in respect of certain properties is under finalisation.
 4. Term Loan of ₹ 180.00 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.
 5. Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" amounting to ₹ 54.81 Crore included in Loans and Advances from Banks, are secured / to be secured on pari passu residual charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on the Sugar Undertakings of the Company. Documentation for mortgage in respect of certain loans/certain properties is under finalisation.
 6. Term Loans (ECB) in foreign currency from IFC of ₹ 383.91 Crore related with amalgamating company included in Other Loans & Advances is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with all buildings and structures thereon and all plant and machinery attached thereto at its factories at Pratappur, Rudauli, Kundarkhi and Utraula in Uttar Pradesh. Also further secured, on a second pari passu charge basis, by hypothecation of all current assets (present and future) related to the factories at aforesaid four locations.
 7. The Sugar Development Fund Loan from Government of India amounting to ₹ 110.44 Crore (inclusive of ₹ 24.41 Crore Short Term Cane Development Loan) shown under Other Loans and Advances is secured/to be secured, on exclusive second charge basis, by hypothecation of the whole of movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the concerned sugar unit of the Company. The Company has also created security in favour of Government of India for certain other SDF loans aggregating to ₹ 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.

Schedule 4 - Unsecured Loans

	As at Sept. 30, 2011 ₹ Crore	As at Sept. 30, 2010 ₹ Crore
Short Term Debentures	-	250.00
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)*	73.39	522.80
Short Term Loan from Banks**	57.50	340.00
Fixed Deposits	0.08	0.08
Other Loans	0.88	0.48
	<u>131.85</u>	<u>1,113.36</u>

* FCCBs of ₹ 73.39 crore issued in the financial year 2006-07 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.

** Short Term Loan from banks includes commercial paper of ₹ 50.00 Crore (P.Y. Nil). [Maximum balance outstanding at any time during the year being ₹ 50.00 Crore (P.Y. Nil)].

Schedule 5 - Fixed Assets

` Crore

DESCRIPTION Sr. Particulars No.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at Oct. 1, 2010	Addi- tions	Deduc- tions & Adjust- ments	As at Sept. 30, 2011	As at Oct. 1, 2010	For the year	Deduc- tions & Adjust- ments	Upto Sept. 30, 2011	As at Sept. 30, 2011	As at Sept. 30, 2010
1. Freehold Land	442.25	0.54	8.35	434.44	-	-	-	-	434.44	442.25
2. Leasehold Land	0.68	-	-	0.68	0.05	0.02	-	0.07	0.61	0.63
3. Buildings	1,044.04	96.56	0.11	1,140.49	168.93	62.44	-	231.37	909.12	875.11
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	3,979.21
5. Furniture, Fixures & Office Equipments	46.47	2.40	0.02	48.85	31.98	3.36	0.02	35.32	13.53	14.49
6. Vehicles & Aircraft	141.82	1.19	4.14	138.87	16.76	9.52	3.56	22.72	116.15	125.06
7. Leased Assets:										
Distillery Division:										
- Land	8.48	-	-	8.48	-	-	-	-	8.48	8.48
- Buildings	11.51	-	-	11.51	2.15	0.80	-	2.95	8.56	9.36
- Plant & Machinery	35.04	-	0.30	34.74	10.90	1.89	-	12.79	21.95	24.14
- Furniture, Fixtures & Office Equipments	0.08	-	-	0.08	0.07	-	-	0.07	0.01	0.01
8. Intangible Assets-Computer Software	3.31	0.01	-	3.32	2.14	0.66	-	2.80	0.52	1.17
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
Previous Year Total	3,407.48	3,118.23	15.84	6,509.87	774.98	257.44	2.46	1,029.96	5,479.91	2,632.50
9. Capital Work in Progress	91.28	49.25	113.11	27.42	-	-	-	-	27.42	91.28
G.Total	6,601.15	302.98	130.33	6,773.80	1,029.96	330.91	4.13	1,356.74	5,417.06	5,571.19
Previous Year G.Total	3,538.76	3,840.71	778.32	6,601.15	774.98	257.44	2.46	1,029.96	5,571.19	

- 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 at Palia Kalan were leased w.e.f. May 30, 2006.
- (iii) Deduction & Adjustments under Plant & Machinery includes ` 0.80 Crore received on account of capital subsidy from Ministry of New and Renewable Energy (U & I Group) Government of India.
- (iv) During the year an amount of ` 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 May 11, 2011 issued by the Ministry of Corporate Affairs.
- (v) 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 additional depreciation on account of fair valuation of fixed assets aggregating to ` 61.77 Crore has been debited to the Profit & Loss account.
- (vi) Particulars of Capital work-in-progress:

` Crore

Particulars	As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011
Advance to Suppliers / Contractors	6.16	(3.03)	-	3.13
Plant & Machinery / Civil work in progress	85.12	52.28	113.11	24.29
Total	<u>91.28</u>	<u>49.25</u>	<u>113.11</u>	<u>27.42</u>

Schedule 6 - Investments

	As at Sept. 30, 2011 Crore	As at Sept. 30, 2010 Crore		
(I) Long Term Investments (At Cost) :				
A. Other than Trade				
Quoted, Fully Paid Equity Shares:				
9,750 (9,750) Shares of Mukand Ltd. of ` 10/- each	0.03	0.03		
Quoted, Fully Paid Preference Shares :				
2,437 (2,437) 0.01% Cumulative Redeemable Preference Shares of Mukand Ltd. of ` 10/- each ` 24,370/- (Previous year ` 24,370/-)	0.00	0.00		
Interest in a Beneficiary Trust	693.72	693.72		
B. Trade				
In Subsidiary Companies:				
Unquoted, Fully Paid Equity Shares:				
1,15,00,000 (1,15,00,000) Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each	114.91	114.91		
Nil (21,61,462) Shares of Bajaj Internacional Participações Ltda., Brazil of BRL 1/- each. (Refer Note 19)	-	4.55		
2,70,01,000 (2,70,01,000) Shares in Bajaj Hindusthan (Singapore) Pte Ltd., Singapore of S\$ 1/- each	92.32	92.32		
78,00,000 (78,00,000) Shares of Bajaj Energy Pvt. Ltd. of ` 10/- each	137.81	137.81		
47,36,700 (-) Shares of Lalitpur Power Generation Company Ltd. of ` 10/- each	234.98	-		
20,000 (-) Shares of Bajaj Power Generation Pvt. Ltd. of ` 10/- each	0.02	-		
Unquoted, Fully Paid Preference Shares:				
1,00,00,000 (1,00,00,000) 7% Redeemable Cumulative Non Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each	10.00	10.00		
6,00,00,000 (6,00,00,000) 7% Redeemable Cumulative Optionally Convertible Preference Shares of Bajaj Eco-Tec Products Ltd. of ` 10/- each	60.00	60.00		
In Others:*				
Unquoted Fully Paid Equity Shares:				
11,48,400 (11,48,400) Shares of Bajaj Ebiz Pvt. Ltd. of ` 10/- each	1.15	1.15		
5,000 (5,000) Shares of Esugarindia Clearing Corporation Ltd. of ` 10/- each	0.01	0.01		
(II) Current Investments (At lower of cost or fair value) :				
Investment in Mutual Funds (Unquoted fully paid) :				
4,316 (4,316) Nos. Unit of Franklin India Prima Plus -Growth Plan of ` 100/- each	0.05	0.05		
	<u>1,345.00</u>	<u>1,114.55</u>		
*Less: Provision for diminution in value of investments	1.16	1.16		
	<u>1,343.84</u>	<u>1,113.39</u>		
	Book Value as at	Market Value as at		
	Sept. 30, 2011	Sept. 30, 2010	Sept. 30, 2011	Sept. 30, 2010
Quoted Investments	0.03	0.03	0.03	0.07
Unquoted Investments	1,343.81	1,113.36	-	-
	<u>1,343.84</u>	1,113.39	0.03	0.07

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

Mutual Fund:

Particulars	No. of Units	Cost Crore
SBI-Mutual Fund		
Magnum Insta Cash Fund - Daily Dividend Option	11,999,785	20.10

Schedule 7 - Current Assets, Loans & Advances

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
Current Assets :		
(a) Inventories (At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the Management)		
(i) Stores, Spare Parts and Packing Materials	72.05	78.86
(ii) Raw Material	15.98	574.24
(iii) Finished Stock	328.56	1,222.35
(iv) Materials-in-Process	0.29	1.31
(v) By-Products	50.94	44.60
	<u>467.82</u>	<u>1,921.36</u>
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Good	101.82	64.63
Doubtful	0.46	0.43
Less : Provision	<u>(0.46)</u>	<u>(0.43)</u>
Other Debts	146.38	98.47
	<u>248.20</u>	<u>163.10</u>
(c) Cash and Bank Balances		
Cash on hand (including cheques & drafts ` 30.09 Crore, Previous year ` 29.72 Crore)	31.07	31.23
Balance with Scheduled Banks:		
(i) In Current Accounts	220.80	108.08
(ii) In Fixed Deposits [Earmarked for specific purposes ` 2.52 Crore, (Previous year ` 3.18 Crore)]	333.14	339.78
Balance with Non Scheduled Banks - In Current Accounts	0.08	0.11
	<u>585.09</u>	<u>479.20</u>
	As at Sept. 30, 2011 ` Crore	Maximum balance during the year ` Crore
District Cooperative Bank Limited	0.08	14.08
	(0.11)	(9.37)
Loans and Advances:		
(d) Loans and Advances (Unsecured, considered good unless otherwise stated)		
Loans and Advances to Subsidiaries (Including Share Application Money of ` 26.00 Crore - P.Y. Nil)	159.92	0.18
Loan to Others*	736.65	616.31
Loan to Others - Doubtful	2.29	2.29
Less: Provision	<u>(2.29)</u>	<u>(2.29)</u>
	-	-
Advances recoverable in cash or in kind or for value to be received	524.92	426.08
Deposits #	16.55	12.77
Balance with Excise Department including Cenvat credits	150.20	215.48
MAT credit entitlement	90.50	81.10
Tax paid in advance (net of Provisions)	52.38	72.29
	<u>1,731.12</u>	<u>1,424.21</u>
	<u>3,032.23</u>	<u>3,987.87</u>

* Includes Secured Loans to Others ` 675.71 crore (Previous year ` 607.41 crore)

Includes National Savings Certificates of the face value of ` 0.14 crore (Previous year ` 0.08 crore) and Pass books of Post Office Savings Bank Account having an aggregate balance of ` 0.01 crore (Previous year ` 0.01 crore) pledged with Government Authorities.

Schedule 8 - Current Liabilities and Provisions

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
A. Current Liabilities:		
Sundry Creditors (Including Capital suppliers ` 2.30 crore, Previous year ` 15.87 crore)*	1,245.58	1,666.80
Interest Accrued but not due	73.31	42.58
Deposits from Stockists and others	7.43	7.08
Investor Education & Protection Fund (IEPF) shall be credited by the following: (Amounts to be transferred to said fund shall be determined on the respective due dates)		
Unclaimed Dividend	0.65	0.49
*'Sundry Creditors' include ` Nil due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME)		
During the year, no amounts have been paid beyond the appointed day in terms of the MSME and there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said Act at the close of the year.		
The disclosure above is based on the information available with the Company regarding the status of the suppliers under the MSME.		
	<u>1,326.97</u>	<u>1,716.95</u>
B. Provisions:		
For Employee Benefits	16.49	12.81
For Premium on redemption of FCCBs	14.59	163.55
Proposed Dividend	9.14	13.40
Corporate Dividend Tax	1.48	2.22
	<u>41.70</u>	<u>191.98</u>
	<u>1,368.67</u>	<u>1,908.93</u>

	2010-2011 Crore	2009-2010 Crore
Schedule 9 - Gross Sales / Income from Operations		
Sales:		
Manufactured Goods	4,224.90	2,894.77
By Products	63.07	23.53
Power	72.25	51.97
Export	643.95	-
Export Incentives	1.31	-
	<u>5,005.48</u>	<u>2,970.27</u>
Schedule 10 - Other Income		
Dividend on Long Term Investment	0.60	0.01
Dividend on Current Investment	0.01	3.58
Surplus on Sale of Assets	4.11	0.25
Lease Rent	14.96	15.84
Gain due to Foreign Exchange Fluctuation (Net)	-	47.73
Scrap / Stores sales	7.21	6.43
Profit on sale of Long Term Investment	-	16.61
Provisions no longer required / Credit balances appropriated	7.14	32.19
Miscellaneous Receipts	34.72	32.74
	<u>68.75</u>	<u>155.38</u>
Schedule 11 - Raw Materials Consumed*		
Opening Stock	574.24	305.66
Purchases	2,181.12	3,034.22
	<u>2,755.36</u>	3,339.88
Less: Closing Stock	15.98	574.24
	<u>2,739.38</u>	<u>2,765.64</u>
*Includes Cost of Raw Material Sold		
Schedule 12 - Manpower Cost		
Salaries & Wages	150.40	128.00
Contribution to Provident, Superannuation and Pension Funds	9.80	8.43
Contribution to Other Funds	3.46	5.10
Employees' Welfare Expenses	6.69	6.17
Employees' Compensation Expenses (ESOP cost)	-	(0.88)
	<u>170.35</u>	<u>146.82</u>
Schedule 13 - Other Expenses		
Stores, Spares and Packing Materials consumed	85.19	84.97
Power and Fuel	24.08	42.52
Rent	6.49	6.05
Rates and Taxes	0.96	1.04
Repairs :		
Building	2.61	2.80
Machinery	46.55	28.57
Others	4.01	3.97
	<u>53.17</u>	35.34
Payment to Auditors for:		
Audit fees	0.30	0.28
Tax audit fees	0.04	0.04
Certification work	0.13	0.11
Out of pocket expenses ` 47,727/-	0.00	0.03
	<u>0.47</u>	0.46
Payment to Cost Auditors (Cost Audit Fees)	0.03	0.03
Insurance	8.66	6.19
Selling Commission	10.71	6.96
Selling & Distribution Expenses	30.25	10.29
Director's fees	0.10	0.09
Donations	2.02	0.04
Loss due to Foreign Exchange Fluctuation (Net)	1.40	-
Miscellaneous Expenses	51.39	52.19
Provision for Doubtful Debts	0.03	-
Loss on Assets Sold / Discarded	2.71	0.10
	<u>277.66</u>	<u>246.27</u>

	2010-2011	2009-2010
` Crore	` Crore	` Crore
Schedule 14 - Interest and Finance Charges (Net)		
Interest :		
On Term Loans	349.95	171.62
On Debentures	1.61	28.52
On Working Capital Loans	144.33	83.98
On Others	122.45	71.61
	<u>618.34</u>	<u>355.73</u>
Less: Interest Income Gross (Tax deducted at source ` 11.31 Crore, Previous year ` 11.51 Crore)		
On Loans	93.10	104.33
On Others	32.07	9.53
	<u>125.17</u>	<u>113.86</u>
	493.17	241.87
Add: Finance charges	22.78	59.47
	<u>515.95</u>	<u>301.34</u>

Schedule 15 - (Increase)/Decrease in Stocks

Opening Stock:		
Finished Goods	1,222.35	395.37
Materials in process	1.31	0.40
By-product	44.60	40.02
	<u>1,268.26</u>	<u>435.79</u>
Add: Stock on amalgamation :		
Finished Goods	-	56.34
Materials in process	-	0.02
By-product	-	24.54
	<u>-</u>	<u>80.90</u>
Less: Closing Stock:		
Finished Goods	328.56	1,222.35
Materials in process	0.29	1.31
By-product	50.94	44.60
	<u>379.79</u>	<u>1,268.26</u>
	888.47	(751.57)
Add/(Less): Excise Duty on Increase/Decrease in stocks	(22.51)	8.00
	<u>865.96</u>	<u>(743.57)</u>

Schedule 16 - Statement on Significant Accounting Policies and Notes forming part of the Accounts for the year ended September 30, 2011 :

1. Significant Accounting Policies

1.1 System of Accounting:

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties and interest on delayed payment by parties.
- (ii) Financial statements are based on historical cost except certain fixed assets which are stated at fair value.

1.2 Revenue recognition:

- (i) Revenue is recognised when the significant risk and rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of Sales tax/VAT. Sales excludes captive consumption.
- (ii) Sales made on high seas basis delivered to the customers directly and not held in stocks are not included in the Sales / Turnover and are included on net basis in other income or as the case may be other expenses.
- (iii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Govt. as available till such time, pending final notification for each season. The difference in price pending final notification is accounted on an estimation by the management taking into account factors affecting the calculation of levy sugar price.
- (iv) Export incentive in the nature of duty draw back or "Duty Entitlement Pass Book" under "Duty Exemption Scheme" is accounted for in the year of Export.

1.3 Fixed Assets and Depreciation:

(a) Fixed Assets:

- (i) Fixed assets are carried at cost of acquisition or construction cost and includes amount added on fair valuation, less accumulated depreciation (except free hold land), amortisation and impairment loss, if any.
- (ii) Expenditure during construction period incurred on the projects under implementation are

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

(b) Depreciation:

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

(a) Plant & Machinery & Aircraft:

On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(b) Other Assets (except clause 'c' below):

On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

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

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

1.4 Investments:

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

1.5 Inventories:

- (i) Stock of Raw Materials is valued at cost or net realisable value whichever is lower. Cost is arrived at on FIFO basis.
- (ii) Stock of Materials-in-Process and Finished goods is valued at cost or net realisable value whichever is lower*.
- (iii) Stores, Spares and Packing material are valued at cost. Cost is arrived at on Weighted Average basis.
- (iv) Obsolete Stores and Spares when identified and technically determined, are valued at estimated realisable value.
- (v) By-products - Molasses and Bagasse has been valued at estimated realisable value.

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

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

1.6 Research and Development:

Revenue expenditure on Research and Development is charged against the profit for the year.

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

1.7 Government Grants:

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

1.8 Foreign Currency Transactions:

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

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. In case of financial derivative contracts, premiums paid, gains/losses on settlement and provision for losses, are recognised in the Profit and Loss Account.

1.9 Employee Benefits :

(a) Short Term Employee Benefits:

Short term employee benefits are recognised as

expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.

(b) Post Employment Benefits:

(i) Defined Contribution Plans:

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

(ii) Defined Benefit Plans:

- Gratuity:

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

- Provident Fund:

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

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

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

1.10 Borrowing Cost:

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

(ii) Expenses on issue of shares, debentures and foreign currency convertible bonds (FCCBs), premium on redemption of FCCBs, which is being provided entirely on issuance as

well as exchange rate difference arising on revaluation of such premium are charged to "Securities Premium Accounts" in accordance with Section 78 of the Companies Act, 1956.

1.11 Provision for Current and Deferred Tax:

- (i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'. Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per tax laws), is recognised as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realisation. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realisation.
- (ii) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

1.12 Impairment of Assets:

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

1.13 Provisions, Contingent Liabilities and Contingent Assets:

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

1.14 Employee Stock Options and Shares Plan (ESOP):

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

	As at Sept. 30, 2011 Crore	As at Sept. 30, 2010 Crore
2. Contingent Liabilities not provided for:		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts:		
(i) Central Excise matters	32.04	26.77
(ii) Trade Tax matters	8.50	2.53
(iii) Other Claims	46.24	29.83
(b) The Company has furnished guarantees/securities on behalf of subsidiary companies	2,409.33	1,002.82
(c) The Income Tax assessment of the Company has been completed upto Assessment Year 2008-09. 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.		
3. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)		
	4.09	14.17
(b) Lease Rental Income:		
- Not later than one year	2.88	1.28
- Later than one year but not later than five years	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		

4. Raw Materials Consumed (Imported and Indigenous) :

Raw Material	2010-2011		2009-2010	
	M. Tonnes	Crore	M. Tonnes	Crore
(a) Raw Materials Consumed (Imported):				
i. Raw Sugar*	303,938	574.70	327,062	654.14
		20.98%		23.65%
(b) Raw Materials Consumed (Indigenous):				
i. Sugarcane	10,221,952	2,143.54	8,470,282	2,093.59
ii. Molasses**	380,559	17.50	420,572	15.21
iii. Others		3.64		2.70
		<u>2,164.68</u>		<u>2,111.50</u>
		<u>79.02%</u>		<u>76.35%</u>
*The above includes cost of raw sugar sold of ₹ 407.31 Crore.				
**Includes 3,68,310 MT (4,05,321 MT) consumed out of inter unit transfers taken at nil value.				

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

	2010-2011		2009-2010	
	Crore	Percentage	Crore	Percentage
i. Spare Parts & Components (Indigenous)	1.64	100.00	1.41	100.00
ii. Spare Parts & Components (Imported)	-	-	-	-

6. Managerial Remuneration:

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

	Chairman & Managing Director	Vice Chairman & Joint Managing Director	Director (Corporate and Legal Affairs)	Total ` Crore
1. Salary, etc.	1.08 (1.01)	1.06 (0.98)	1.03 (0.66)	3.17 (2.65)
2. Contribution to Provident Fund and Superannuation etc.	0.29 (0.27)	- -	0.05 (0.03)	0.34 (0.30)
3. Other Perquisites	0.81 (0.78)	0.38 (0.51)	0.14 (0.05)	1.33 (1.34)
Total	2.18 (2.06)	1.44 (1.49)	1.22 (0.74)	4.84 (4.29)
			2010-2011 ` Crore	2009-2010 ` Crore

7. Earnings in Foreign Exchange:

(i) Export of goods on F.O.B. basis	643.95	-
(ii) Others	0.60	-

8. Expenditure in Foreign Currency:

(i) Interest	13.68	20.29
(ii) Travelling Expenses	0.06	0.58
(iii) Others	5.67	4.03

9. C.I.F. value of Imports:

(i) Raw Material	-	1,208.98
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10. The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS18) 'Related Party Disclosures' is stated herein below / set out in a separate statement annexed hereto.

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

A. Subsidiary Companies

- Bajaj Aviation Private Limited (Step Down Subsidiary)
- Bajaj Eco-Tec Products Limited (Wholly owned)
- Bajaj Energy Private Limited
- Bajaj Internacional Participações Limitada, Brazil (Wholly owned)
- Bajaj Hindusthan (Singapore) Private Limited, Singapore (Wholly owned)
- Lalitpur Power Generation Company Limited (w.e.f. December 10, 2010)
- Bajaj Power Generation Private Limited (w.e.f. December 20, 2010) (Wholly owned)

B. Associates and Joint Ventures

Bajaj E-biz Private Limited – Associate

C. Directors and their relatives

Mr. Shishir Bajaj - Chairman & Managing Director (Also key management personnel)

Mrs. Minakshi Bajaj (Wife of Mr. Shishir Bajaj)

Mr. Kushagra Bajaj - Vice Chairman & Joint Managing Director (Also key management personnel) and also son of Mr. Shishir Bajaj

Mr. Apoorva Bajaj (Son of Mr. Shishir Bajaj)

Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs) (Also key management personnel)

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

- Bajaj Capital Ventures Private Limited
- Bajaj Infrastructure Development Company Limited

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

₹ Crore

Transactions	Subsidiaries	Directors/ Key Management Personnel	Enterprises described in (D) above	Total
I. Transactions during the year				
Purchase of Goods	-	-	-	-
	(2.18)	(-)	(-)	(2.18)
Purchase of Capital Goods	-	-	28.83	28.83
	(-)	(-)	(5.46)	(5.46)
Sale of Goods	330.84	-	-	330.84
	(162.26)	(-)	(-)	(162.26)
Sale of Capital Goods	-	-	-	-
	(` 26,500/-)	(-)	(-)	(` 26,500/-)
Interest received	12.47	-	-	12.47
	(34.46)	(-)	(-)	(34.46)
Rent received	0.63	-	-	0.63
	(8.79)	(-)	(-)	(8.79)
Rent Paid	-	-	0.72	0.72
	(-)	(-)	(0.72)	(0.72)
Remuneration	-	4.84	-	4.84
	(-)	(4.29)	(-)	(4.29)
Dividend received	0.60	-	-	0.60
	(-)	(-)	(-)	(-)
Equity Share Capital Issued (Including Premium)	-	-	-	-
	(-)	(-)	(75.60)	(75.60)
Investment made	235.00	-	-	235.00
	(229.32)	(-)	(-)	(229.32)
Investment Sold/Brought Back	4.55	-	-	4.55
	(-)	(-)	(0.02)	(0.02)
Assignment of Project	-	-	-	-
	(621.40)	(-)	(-)	(621.40)
Advance given (Project)	-	-	50.00	50.00
	(-)	(-)	(568.42)	(568.42)
Advance given (Project) Repaid	-	-	50.00	50.00
	(-)	(-)	(-)	(-)
Advance given (against allotment of shares)	26.00	-	-	26.00
	(-)	(-)	(-)	(-)
Loans given	243.28	-	-	243.28
	(1,804.52)	(-)	(-)	(1,804.52)
Loans given repaid	109.54	-	-	109.54
	(1,790.95)	(-)	(-)	(1,790.95)
Guarantees given	2,060.81	-	-	2,060.81
	(928.82)	(-)	(-)	(928.82)
II. Amounts Outstanding at Balance Sheet date				
Loans given	133.92	-	-	133.92
	(0.18)	(-)	(-)	(0.18)
Other Debtors	69.26	-	-	69.26
	(20.41)	(-)	(-)	(20.41)
Guarantees given	2,409.33	-	-	2,409.33
	(1,002.82)	(-)	(-)	(1,002.82)
Deposits given	-	-	0.36	0.36
	(-)	(-)	(0.36)	(0.36)
Advance given (against allotment of shares)	26.00	-	-	26.00
	(-)	(-)	(-)	(-)
Investments	650.04	-	-	650.04
	(419.59)	(-)	(-)	(419.59)

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 ` 28.83 Crore (P.Y. ` 5.46 Crore) from Bajaj Infrastructure Development Company Ltd.
4. Sale of goods includes ` 280.75 Crore (P.Y. NIL) to M/s Bajaj Hindusthan (Singapore) Private Limited and ` 48.84 Crore (P.Y. ` 16.84) to M/s Bajaj Eco-Tec Products Limited.
5. Interest received includes ` 12.47 Crore (P.Y. ` 3.27 Crore) from Bajaj Eco-Tec Products Limited on loan given.
6. Rent Received includes ` 0.63 Crore (P.Y. ` 8.79 Crore) from Bajaj Energy Pvt. Ltd.
7. Rent Paid includes ` 0.72 Crore (P.Y. ` 0.72 Crore) to Bajaj Capital Ventures Pvt. Ltd.
8. Remuneration includes ` 2.18 Crore (P.Y. ` 2.06 Crore) to Mr. Shishir Bajaj, ` 1.44 Crore (P.Y. ` 1.49 Crore) to Mr. Kushagra Bajaj and ` 1.22 Crore (P.Y. ` 0.74 Crore) to Dr. Sanjeev Kumar.
9. Dividend received includes ` 0.60 Crore (P.Y. NIL) from Bajaj Internacional Participações Ltda., Brazil.
10. Investment made includes ` 234.98 Crore (P.Y. NIL) in Lalitpur Power Generation Company Ltd.
11. Investment in Bajaj Internacional Participações Ltda., Brazil brought back during the year ` 4.55 Crore (P.Y. NIL).
12. Advance given (Project) includes ` 50.00 Crore (P.Y. ` 568.42 Crore) to Bajaj Infrastructure Development Company Ltd.
13. Advance given (Project) repaid includes ` 50.00 Crore (P.Y. NIL) from Bajaj Infrastructure Development Company Ltd.
14. Advance given (Against allotment of Shares) includes ` 26.00 Crore (P.Y. NIL) to Bajaj Energy Pvt. Ltd.
15. Loan given includes ` 243.28 Crore (P.Y. ` 90.32 Crore) to Bajaj Eco-Tec Products Ltd.
16. Loan given repaid includes ` 109.36 Crore (P.Y. ` 90.32 Crore) from Bajaj Eco-Tec Products Ltd.
17. Guarantees given includes ` 1,824.00 Crore (P.Y. NIL) for Lalitpur Power Generation Company Ltd.

11. Detailed Quantitative Information :

Sr. No.	Products	Licensed Capacity	Installed Capacity (as certified by the Management)	Opening Stock as at Oct. 01, 2010		On Amalgamation	Production	Reprocessing Loss / Shortage/ Captive Consumption	Sales		Closing Stock as at Sept. 30, 2011	
				Quantity	Value				Quantity	Quantity	Quantity	Value
1.	Sugar	Not Applicable	TCD	M.Tonnes	` Crore	M.Tonnes	M.Tonnes	M.Tonnes	M.Tonnes	` Crore	M.Tonnes	` Crore
			136,000	460,097	1,146.37	-	1,037,882	529	1,374,407	3,907.06	123,043	313.99
			(136,000)	(175,581)	(385.34)	(114,767)	(1,097,380)	(665)	(926,966)	(2,731.95)	(460,097)	(1,146.37)
			Kilo Litres	KL/Per Day	Kilo Litres	Kilo Litres	Kilo Litres	Kilo Litres	Kilo Litres	` Crore	Kilo Litres	` Crore
2.	Alcohol	235,000	800 #	45,038	75.57	-	89,059	594	124,366	356.80	9,137	14.00
			(235,000)	(800)	(3,640)	(9.73)	(10,161)	(94,719)	(359)	(63,123)	(162.82)	(45,038)
			per annum									
			MW	MW	MW	` Crore	MW	MW	MW	` Crore	MW	` Crore
3.	Power *	Not Applicable	362	4,676	0.41	-	556,578	9,955	545,680	72.25	5,619	0.57
			(362)	(3,110)	(0.30)	(-)	(448,901)	(7,817)	(439,518)	(51.97)	(4,676)	(0.41)
	By Products			M.Tonnes	` Crore	M.Tonnes	M.Tonnes	M.Tonnes	M.Tonnes	` Crore	M.Tonnes	` Crore
4.	Molasses**	Not Applicable	Not Applicable	95,185	24.41	-	519,391	2,363	459,613	24.28	147,406	40.73
				(64,370)	(26.32)	(49,783)	(442,433)	(1,065)	(466,599)	(16.08)	(95,185)	(24.41)
5.	Others	Not Applicable	Not Applicable	20.19						645.09		10.21
					(13.70)						(7.45)	
	Total				1,266.95					5,005.48		379.50
					(435.39)					(2,970.27)		(1,266.95)

Notes:

- * 1. Sales Include inter unit transfer 369,838 MW (Previous year 308,883 MW) at nil value.
- ** 2. Sales include inter unit transfer 363,116 MT (Previous year 411,997 MT) at nil value. Closing Stock include stock at Distillery units 16,377 MT (Previous year 21,571 MT).
- # 3. Installed capacity of alcohol includes Distillery having 60 KL capacity given on lease w.e.f. 30th May, 2006.
4. Figures for previous year are shown in brackets.

12. Deferred Taxation :

` Crore

	As at Oct. 1, 2010	During the year	As at Sept. 30, 2011
Deferred Tax Liabilities:			
Depreciation	515.52	10.41	525.93
Total	<u>515.52</u>	<u>10.41</u>	<u>525.93</u>
Deferred Tax Assets:			
Provision for Employee Benefits	4.46	1.19	5.65
Provision for Doubtful Debts / Advances	0.08	0.01	0.09
Carry Forward losses and unabsorbed Depreciation	427.55	4.90	432.45
Total	<u>432.09</u>	<u>6.10</u>	<u>438.19</u>
Net Deferred Tax Liability / (Asset)	<u>83.43</u>	<u>4.31</u>	<u>87.74</u>

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

Funded Scheme - Gratuity

Particulars	2010-2011 ` Crore	2009-2010 ` Crore
Liability to be recognised in Balance Sheet as on Sept. 30		
Present value of Funded Obligations	24.85	22.33
Fair Value of Plan Assets	(15.90)	(16.08)
Net Liability / (Asset)	<u>8.95</u>	<u>6.25</u>
Change in Plan Assets (Reconciliation of Opening & Closing Balances)		
Fair Value of Plan Assets as at October 01	16.08	6.37
Fair Value of the Plan Assets of amalgamating company	-	2.66
Expected Return on Plan Assets	1.28	0.90
Actuarial Gain / (Losses)	0.16	0.26
Contributions	0.32	7.16
Benefits Paid	(1.94)	(1.27)
Fair Value of Plan Assets as at September 30	<u>15.90</u>	<u>16.08</u>
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation as at October 01	22.33	14.71
Change in defined Benefit Obligation of amalgamating company	-	3.01
Current Service Cost	2.68	2.37
Interest Cost	1.89	1.48
Actuarial Losses / (Gain)	(0.11)	2.03
Benefits Paid	(1.94)	(1.27)
Obligation as at September 30	<u>24.85</u>	<u>22.33</u>
Expenditure to be recognised during the year		
Current Service Cost	2.68	2.37
Interest Cost	1.89	1.48
Expected Return on Plan Assets	(1.28)	(0.90)
Net Actuarial Losses / (Gain) recognised during the year	(0.27)	1.77
Total Expenditure included in "Employees Emoluments"	<u>3.02</u>	<u>4.72</u>
Assumptions		
Discount Rate (per annum)	8.00%	8.00%
Expected Rate of Return on Assets (per annum)	8.00%	8.00%
Salary Escalation Rate (per annum)	5.00%	5.00%

Unfunded Scheme - Earned Leaves

Particulars	2010-2011 ` Crore	2009-2010 ` Crore
Present value of Unfunded Obligations	7.54	6.56
Expenses recognised in the statements of P&L	3.01	3.34
Discount Rate (per annum)	8.00%	8.00%
Salary Escalation Rate (per annum)	5.00%	5.00%

14. In respect of the Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to US\$ 12.00 Crore issued by the Company and of which FCCBs of US\$ 9.96 Crore were outstanding, after conversion/repurchase from time to time, the Company has made repayment of an aggregate amount of US\$ 13.30 Crore, including the redemption premium of US\$ 3.34 Crore on the due date (February 02, 2011) in accordance with the terms and conditions of the said FCCBs.
15. 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. As per the notification, option for such accounting treatment was available for financial year ending on or before March 31, 2011. However, the said date was extended by one year vide notification dated May 11, 2011. Accordingly, the Company has adjusted ` 136.48 Crore being loss on exchange fluctuation on long term monetary items for the financial year ended September 30, 2011, to the carrying cost of fixed assets.
16. On September 29, 2011, the Company opened an issue offering 45,67,14,222 equity shares of face value Re.1/- at a premium of ` 35/- per equity share for an amount aggregating to ` 1,644.17 Crores on rights basis to the existing shareholders of the Company. The issue was closed on October 13, 2011. On October 31, 2011, Company made allotment of 41,10,42,800 equity shares of face value Re.1/- at a premium of ` 35/- per equity share, as finalised in consultation with Designated Stock Exchange. As a result of which, paid up capital stands increased to ` 63.94 Crores divided into 63,93,99,911 equity shares of Re. 1/- each. The Company has raised an amount of ` 1,479.75 Crores by way of rights issue with the principal object of repaying/prepaying certain loan funds. These equity shares rank pari passu with the existing shares of the Company and would be eligible for the dividend that would be approved at the ensuing Annual General Meeting. The Company has incurred issue related expenditures of ` 31.43 Crores till September 30, 2011 which is included under current assets. These together with further expenditures incurred thereafter would be adjusted against the Securities Premium account.
17. Disclosures as per clause 32 of the listing agreement:

(a) Loans and Advances given to Subsidiaries:	Name of Subsidiary Companies	Amount Outstanding		Maximum Balance outstanding during the year	
		2010-11	2009-10	2010-11	2009-10
i)	Bajaj Eco-Tec Products Ltd.	133.92	-	133.92	77.91
ii)	Bajaj Hindusthan (Singapore) Pte Ltd.	-	0.18	0.18	0.18
iii)	Bajaj Energy Private Ltd. (Share Application Money)	26.00	-	26.00	-

Notes:

- Loans and Advances shown above, to subsidiaries fall under the category of "Loans & Advances" in the nature of Loans where there is no repayment schedule and are re-payable on demand.
- All the above loans and advances (outstanding) are interest bearing except an amount of ` 26.00 crores given to Bajaj Energy Private Ltd. as Share Application Money.
- Loans to employees as per Company's policy are not considered.

	No. of Shares	Amount ` Crore
(b) Investments by the loanees in the shares of Subsidiaries:		
Investments by Bajaj Eco-Tec Products Ltd. in equity shares of:		
Bajaj Aviation Pvt. Ltd. (Step down Subsidiary)	50,00,000	5.00

18. Disclosures in respect of derivative instruments:

	As at Sept. 30, 2011		As at Sept. 30, 2010	
	Forward		Forward	
	Contract	Option	Contract	Option
	USD	JPY/USD	USD	JPY/USD
	Crore	Crore	Crore	Crore
(i) Derivative instruments outstanding are as under:				
Loans taken	-	804.23	-	804.23
Creditors (USD)	-	-	9.61	-
FCCB (USD)	-	-	7.70	5.60
ECB (USD)	-	-	0.93	-
(All the derivative instruments have been acquired for hedging purposes.)				
		USD/JPY	USD/JPY	
(ii) Foreign currency exposures that are not hedged :		Crore	Crore	
Debtors (USD)		0.28	-	
Creditors (USD)		-	1.33	
FCCB (USD)		1.50	1.50	
ECB (USD)		16.54	17.47	
ECB (JPY)		114.89	114.89	

19. Bajaj Internacional Participações Ltda., Brazil has opted for voluntary dissolution as per the applicable regulations of Brazil. The Company has filed / in the process of filing the required information with the regulators for obtaining dissolution order. During the year, the said company has remitted capital amount back to the Company which has been credited to Investment.
20. 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 September 29, 2011 for not attaching the Balance Sheets of subsidiaries, the Company has not attached with its Balance Sheet as at September 30, 2011, the documents specified in Section 212(1) of the Act in respect of its seven subsidiaries, viz. (i) Bajaj Eco-Tec Products Limited, (ii) Bajaj Aviation Private Limited, (iii) Bajaj Energy Private Limited, (iv) Lalitpur Power Generation Company Limited, (v) Bajaj Power Generation Private Limited, (vi) Bajaj Hindusthan (Singapore) Private Limited and (vii) Bajaj Internacional Participações Limitada and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2011 in Annexure A.
21. As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

Signatures to Schedules "1" to "16"

As per our attached report of even date

For and on behalf of

CHATURVEDI & SHAH

Firm Registration No.101720W

Chartered Accountants

Shishir Bajaj

Chairman & Managing Director

D. S. Mehta

M. L. Apte

D. K. Shukla

Directors

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai, November 23, 2011

Pradeep Parakh

Group President (GRC) &

Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.
 State Code
 Balance Sheet Date
 Date Month Year

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

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

Total Liabilities	<input type="text" value="84,244,536"/>	Total Assets	<input type="text" value="84,244,536"/>
Sources of Funds			
Paid-up Capital	<input type="text" value="228,357"/>	Reserves & Surplus	<input type="text" value="31,017,676"/>
Equity Suspense	<input type="text" value="NIL"/>	Stock Options Outstanding	<input type="text" value="152,988"/>
Secured Loans	<input type="text" value="50,649,609"/>	Unsecured Loans	<input type="text" value="1,318,470"/>
		Deferred Tax Adjustments	<input type="text" value="877,436"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="54,170,558"/>	Investments	<input type="text" value="13,438,355"/>
Net Current Assets	<input type="text" value="16,635,623"/>	Misc. Expenditure	<input type="text" value="NIL"/>
Accumulated Loss	<input type="text" value="NIL"/>		

IV. Performance of Company (Amount in ` Thousands)

Turnover *	<input type="text" value="49,191,500"/>	Total Expenditure	<input type="text" value="49,002,052"/>
* Includes Other Income			
+ - Profit/Loss Before Tax	<input type="text" value="189,448"/>	+ - Profit/Loss After Tax	<input type="text" value="119,994"/>
(Please tick appropriate box + for Profit; - for Loss)			
Earning Per Share (Basic) in `	<input type="text" value="0.53"/>	Dividend Rate %	<input type="text" value="40"/>

V. Generic Name of Principal Product of Company

Item Code (ITC Code)	-	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> . <input type="text" value="1"/> <input type="text" value="1"/>
Product Description	-	<input type="text" value="S"/> <input type="text" value="U"/> <input type="text" value="G"/> <input type="text" value="A"/> <input type="text" value="R"/>
Item Code (ITC Code)	-	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/> . <input type="text" value="0"/> <input type="text" value="7"/>
Product Description	-	<input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="D"/> <input type="text" value="U"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="H"/> <input type="text" value="O"/> <input type="text" value="L"/>

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Mumbai,
November 23, 2011

Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors
Bajaj Hindusthan Limited

1. We have audited the attached consolidated Balance Sheet of BAJAJ HINDUSTHAN LIMITED and its Subsidiaries as at 30th September, 2011, and the related consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. In respect of financial statements of one subsidiary of which we are the auditors whose financial reflect total assets of ` 346.27 crore as at 30th September, 2011, total revenue of ` 155.06 crore and Cash outflows amounting to ` 0.86 crore for the year ended September 30, 2011, their accounts ending financial year coinciding with that of Holding Company have been prepared and certified by the management for the purpose of consolidated accounts and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved financial statements.
4. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ` 12.24 crore as at 30th September, 2011, total revenue of ` 0.99 crore and cash flows

amounting to ` 1.20 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

5. We have relied on the unaudited financial statements of the five subsidiary companies whose financial statements reflect total assets of ` 4,837.38 crore as at 30th September, 2011, total revenue of ` 337.69 crore and Cash flows amounting to ` 108.79 crore for the year ending September 30, 2011. 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.
6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS-21), Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.
7. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited/certified financial statements of Bajaj Hindusthan Limited and its subsidiaries, read with other notes thereon, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India :
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 30th September, 2011;
 - (ii) in the case of the consolidated Profit and Loss Account, of the consolidated results of the profit of the Company and its subsidiaries for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year on that date.

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

Amit Chaturvedi
Partner
Membership No: 103141

International Accountants' Report

To
The Board of Directors
Bajaj Hindusthan Limited

We have audited the Consolidated Balance Sheet of Bajaj Hindusthan Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as at 30 September, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the year ended on that date (the financial statements) annexed hereto, which have been prepared by the Company, in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

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

Basis of Opinion

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

1. We did not audit the financial statements and other financial information of a subsidiary. The financial statements of this subsidiary for the year ended 30 September, 2011 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 ` 12.24 crore as at 30 September, 2011, revenues of ` 0.99 crore and cash inflows amounting to ` 1.20 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 ` 5,183.65 crore as at 30 September, 2011, total revenue of ` 492.75 crore and cash inflows amounting to ` 107.93 crore for the year ending 30 September, 2011. 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 30 September, 2011;
- (ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- (iii) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **B S R & Company**
 Firm's Registration No: 128032W
 Chartered Accountants

Vijay Bhatt
 Partner
 Membership No: 036647

Mumbai
 November 23, 2011

Consolidated Balance Sheet as at September 30, 2011

	Schedule	As at Sept. 30, 2011 Crore	As at Sept. 30, 2010 Crore
I. Sources of Funds :			
Shareholders' Funds			
Capital	1	22.84	19.14
Equity Share Suspense		-	3.70
Stock Options outstanding		15.30	15.30
Reserves & Surplus	2	<u>2,853.52</u>	<u>2,845.67</u>
		2,891.66	<u>2,883.81</u>
Minority interest			202.97
Loan Funds			
Secured Loans	3	8,017.31	5,076.38
Unsecured Loans	4	<u>742.57</u>	<u>1,273.37</u>
		8,759.88	<u>6,349.75</u>
Deferred Tax Liability		87.45	83.85
Total		<u>12,644.09</u>	<u>9,520.38</u>
II. Application of Funds :			
Fixed Assets			
Gross Block	5	7,170.84	6,866.80
Less: Depreciation		<u>1,429.80</u>	<u>1,109.77</u>
Net Block		5,741.04	5,757.03
Capital Work in Progress		<u>4,577.09</u>	<u>930.61</u>
		10,318.13	6,687.64
Investments	6		693.90
Current Assets, Loans & Advances			
Inventories		507.23	1,967.43
Sundry Debtors		188.43	152.87
Cash & Bank Balances		740.79	525.77
Loans & Advances		<u>1,620.72</u>	<u>1,435.10</u>
		3,057.17	<u>4,081.17</u>
Less : Current Liabilities & Provisions	8		
Current Liabilities		1,382.91	1,749.18
Provisions		<u>43.55</u>	<u>193.15</u>
		1,426.46	<u>1,942.33</u>
Net Current Assets			2,138.84
Miscellaneous Expenses (to the extent not written off)		1.34	-
Total		<u>12,644.09</u>	<u>9,520.38</u>
Significant Accounting Policies and Notes	16		

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Consolidated Profit & Loss Account for the year ended September 30, 2011

	Schedule	2010-2011 Crore	2009-2010 Crore
Income :			
Gross Sales/Income from Operations	9	5,163.49	3,304.80
Less: Excise Duty		155.08	103.37
Net Sales/Income from Operations		5,008.41	3,201.43
Other Income	10	73.49	139.25
		<u>5,081.90</u>	<u>3,340.68</u>
Expenditure :			
Raw Materials Consumed	11	2,800.89	3,219.08
Manpower Cost	12	187.40	183.89
Other Expenses	13	325.17	387.16
Interest & Finance charges (Net)	14	550.72	368.12
Depreciation & Amortisation		323.44	344.03
(Increase) / Decrease in Stocks	15	865.75	(998.67)
		<u>5,053.37</u>	<u>3,503.61</u>
Profit/ (Loss) for the year before Exceptional Items & Taxation		28.53	(162.93)
Exceptional items:			
Surplus on cessation of subsidiary		-	(194.93)
Profit for the year before Taxation		28.53	32.00
Less: Provision for Taxation:			
Current Tax		16.07	16.60
(Excess) / Short provision for tax		(3.31)	0.03
MAT credit entitlement reversed		6.60	-
Deferred Tax		3.60	(9.40)
Wealth Tax		0.12	0.11
		<u>23.08</u>	<u>7.34</u>
Less: MAT credit entitlement		16.00	16.52
		<u>7.08</u>	<u>(9.18)</u>
Profit for the year		21.45	41.18
Less: Minority Interest		-	(2.85)
Less: Pre-acquisition Loss - ` 40,044/-		0.00	-
Income attributed to consolidated group		21.45	44.03
Add: Balance Brought Forward		(84.26)	(176.10)
Dividend paid of earlier year		(2.59)	(1.02)
Corporate Dividend Tax on Dividend paid		(0.43)	(0.17)
Debenture Redemption Reserve (No longer required)		66.25	75.00
		<u>(21.03)</u>	<u>(102.29)</u>
		0.42	(58.26)
Transfers to :			
Reserve for Molasses Storage Tanks		0.31	0.35
General Reserve		9.01	10.03
Proposed Dividend		9.14	13.40
Corporate Dividend Tax on Proposed Dividend		1.48	2.22
Balance Carried to Balance Sheet		(19.52)	(84.26)
Basic & Diluted Earning per Share:			
Net Profit		<u>21.45</u>	<u>44.03</u>
Weighted Average No. of Shares		228,357,111	206,133,823
Basic & Diluted Earning per Share in Rupees (Face Value Re. 1/- each)		0.94	2.14
Significant Accounting Policies and Notes	16		

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Consolidated Cash Flow Statement for the year ended September 30, 2011

	2010-2011 Crore	2009-2010 Crore
A. Cash Flow from operating activities :		
Net Profit/ (Loss) before Exceptional item and Taxation	28.53	(162.93)
Adjustment for:		
Depreciation & Amortisation	323.44	344.03
(Gain) / Loss due to Foreign Exchange Fluctuation	2.58	(14.00)
Loss/(Surplus) on sale of Fixed Assets (Net)	(1.40)	(0.25)
Interest and Finance Charges	664.17	448.13
Dividend Received	(0.01)	(3.71)
Profit on sale of investment	-	(16.62)
Interest Received	(113.45)	(80.01)
Employee's Compensation Expenses (ESOP cost)	-	(0.88)
	<u>875.33</u>	<u>676.69</u>
Operating Profit before working capital changes	903.86	513.76
Adjustment for:		
Trade and other receivables	(45.21)	(34.10)
Inventories	1,460.20	(1,595.53)
Trade payables	(394.09)	396.21
Cash generated from operations	1,924.76	(719.66)
Direct taxes paid	(48.85)	(39.63)
Net Cash from/ (used in) operating activities	<u>1,875.91</u>	<u>(759.29)</u>
B. Cash Flow from investing activities :		
Purchase of Fixed Assets	(3,825.82)	(1,011.80)
Sale of Fixed Assets	13.75	2.78
Purchase of Investments	(308.72)	(4,571.29)
Sale of Investments	308.71	4,587.84
Pre Acquisition Loss of Subsidiary ` 40,044/-	(0.00)	-
Loans and Advances	(120.35)	(61.40)
Dividend Received	0.01	3.71
Interest Received	103.20	80.01
Exchange Fluctuation Reserve on consolidation	(4.55)	(0.53)
Net Cash used in investing activities	<u>(3,833.77)</u>	<u>(970.68)</u>
C. Cash Flow from financing activities:		
Proceeds from borrowings (Net of repayments)	2,116.04	2,302.68
Issue of Equity Shares & Premium thereon :		
On conversion of Equity Warrants	-	56.70
Minority interest	702.13	211.88
Preliminary and Share Issue Expenses	(1.34)	-
Interest paid	(625.47)	(427.21)
Dividend paid (including tax thereon)	(18.48)	(15.58)
Net Cash from financing activities	<u>2,172.88</u>	<u>2,128.47</u>
Net increase/(decrease) in cash and cash equivalents	215.02	398.50
Cash and Cash equivalents as at Oct. 01 (Opening Balance)		
Earmarked for specific purposes	14.51	35.98
Other Balances	511.26	91.29
	<u>525.77</u>	<u>127.27</u>
Cash and Cash equivalents as at Sept. 30 (Closing Balance)		
Earmarked for specific purposes	17.92	14.51
Other Balances	722.87	511.26
	<u>740.79</u>	<u>525.77</u>
Notes :		
1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.		
2. Figures in brackets indicate cash outflow and without brackets indicate cash inflow.		

As per our attached report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai, November 23, 2011

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
Group President (GRC) &
Company Secretary

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Schedules Forming Part of Consolidated Accounts

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at September 30, 2011 and Profit and Loss Account for the year ended on that date.

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
Schedule 1 - Capital		
Authorised:		
1,80,00,00,000 (80,00,00,000) Equity Shares of ` 1/- each	180.00	80.00
	<u>180.00</u>	<u>80.00</u>
Issued:		
68,50,71,333 (19,13,57,111) Equity Shares of ` 1/- each (Refer Note 12)	68.51	19.14
	<u>68.51</u>	<u>19.14</u>
Subscribed & Paid up:		
22,83,57,111 (19,13,57,111) Equity Shares of ` 1/- each	22.84	19.14
Of the above shares	<u>22.84</u>	<u>19.14</u>
(i) 5,31,00,000 (5,31,00,000) Equity Shares were allotted as fully paid Bonus Shares by way of Capitalisation of Reserves.		
(ii) 3,70,00,000 (Nil) Equity Shares have been issued to the members of erstwhile Bajaj Hindusthan Sugar and Industries Limited pursuant to Scheme of Amalgamation.		

Schedule 2 - Reserves and Surplus

	As at Oct. 01, 2010	Additions	Deductions		
Capital Redemption Reserve	0.05	-	-	0.05	0.05
Capital Reserve	8.91	-	-	8.91	8.91
Securities Premium *	2,450.13	9.45	4.86	2,454.72	2,450.13
Exchange Fluctuation Reserve on consolidation of overseas subsidiaries	0.78	-	4.55	(3.77)	0.78
General Reserve **	400.00	10.00	-	410.00	400.00
Debenture Redemption Reserve	66.25	-	66.25	-	66.25
Reserve for Molasses Storage Tanks	3.81	0.31	0.99	3.13	3.81
Balance as per Profit & Loss Account	(84.26)	64.74	-	(19.52)	(84.26)
	<u>2,845.67</u>	<u>84.50</u>	<u>76.65</u>	<u>2,853.52</u>	<u>2,845.67</u>
* Additions to Securities Premium represent ` 9.45 Crore being excess provision of tax on premium on redemption of FCCBs written back. Deductions represent (i) ` 3.44 Crore being difference in provision of premium on redemption of FCCBs paid and, (ii) ` 1.42 Crore being change in provision for premium and tax thereon on redemption of FCCBs due to foreign currency rates.					
** Addition to General Reserve represent ` 0.99 Crore being transfer from Reserve for Molasses Storage Tanks.					

Schedule 3 - Secured Loans

Debentures		
15 - 11% Secured Redeemable Non-Convertible Debentures of ` 1,00,00,000 each Series 30 of 2007-08	-	15.00
Loans & Advances from Banks	7,447.95	4,497.66
Other Loans & Advances	569.36	563.72
	<u>8,017.31</u>	<u>5,076.38</u>

Notes :

- Working Capital / Short Term Loan facilities from Banks are secured, on first pari passu charge basis, by hypothecation of certain inventories, book debts, other receivables and current assets and further secured / to be secured, (except in case of Bajaj Eco-Tec Products Ltd.) 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.
- Term Loans from Banks (except ECB of Yen 919.12 crore, IDBI Bank term loan of ` 180.00 crore and Loans under "Scheme

for Extending Financial Assistance to Sugar Undertaking, 2007" for ` 54.81 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. In case of Bajaj Eco-Tec Products Ltd., Term Loans from Banks 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 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. In case of Bajaj Energy Pvt. Ltd., Term Loans 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 properties including plant & machinery, machinery spares, tools & 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 the whole of present and future fixed assets and properties of the Company, further secured by pledge of 51% of the equity shares of the Company held by the promoters. In case of Lalitpur Power Generation Company Ltd., Term Loans from Banks 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 the Company, further a Term Loan of ` 250.00 crore is secured, on subservient charge basis, by hypothecation of the whole of the present and future movable fixed assets and current assets of the Company.
3. The ECB Loan of Yen 919.12 crore is secured, on first pari passu charge basis, by hypothecation of certain present and future movable fixed assets and properties including plant and machinery, tools and accessories of the Company and also secured/to be secured, on first pari passu charge basis, by mortgage (by deposit of title deeds) on certain immovable fixed assets and properties. Documentation for mortgage in respect of certain properties is under finalisation.
 4. Term Loan of ` 180.00 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.
 5. Loans under "Scheme for Extending Financial Assistance to Sugar Undertaking, 2007" amounting to ` 54.81 crore included in Loans and Advances from Banks, are secured/ to be secured on pari passu residual charge basis, by hypothecation of certain movable fixed assets and properties and by mortgage on the Sugar Undertakings of the Company. Documentation for mortgage in respect of certain loans/ certain properties is under finalisation.
 6. Term Loans (ECB) in foreign currency from IFC of ` 383.91 crore related with amalgamated company included in Other Loans & Advances is secured on exclusive first charge basis, by hypothecation of Company's movable and immovable assets (present and future) together with all buildings and structures thereon and all plant and machinery attached thereto at its factories at Pratappur, Rudauli, Kundarkhi and Utraula in Uttar Pradesh. Also further secured, on a second pari passu charge basis, by hypothecation of all current assets (present and future) related to the factories at aforesaid four locations.
 7. The Sugar Development Fund loan from Government of India amounting to ` 110.44 crore (inclusive of ` 24.41 crore Short Term Cane Development Loan) shown under Other Loans and Advances is secured/to be secured, on exclusive second charge basis, by hypothecation of the whole of movable fixed assets and properties and by mortgage on the whole of immovable fixed assets and properties of the concerned sugar unit of the Company. The Company has also created security in favour of Government of India for certain other SDF loans aggregating to ` 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.

Schedule 4 - Unsecured Loans

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
Short Term Debentures	-	250.00
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)*	73.39	522.80
Short Term Loan from Banks**	668.05	500.01
Fixed Deposits	0.08	0.08
Loan from Others	1.05	0.48
	<u>742.57</u>	<u>1,273.37</u>

* FCCBs of ` 73.39 crore issued in the financial year 2006-07 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 upto 26.04.2014.

** Short term loan from banks includes commercial paper of ` 50.00 crore (P.Y. NIL). [Maximum balance outstanding during the year being ` 50.00 crore (P.Y. NIL)]

Schedule 5 - Fixed Assets

		` Crore									
Sr. No.	DESCRIPTION Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		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	As at Sept. 30, 2010
1	Freehold Land	444.22	53.64	8.35	489.51	-	-	-	-	489.51	444.22
2	Leasehold Land	0.80	-	-	0.80	0.13	0.03	-	0.16	0.64	0.67
3	Buildings	1,136.94	97.48	0.11	1,234.31	188.99	69.55	-	258.54	975.77	947.95
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	4,168.67
5	Furniture, Fixtures & Office Equipments	49.62	11.09	0.02	60.69	33.15	4.07	0.02	37.20	23.49	16.47
6	Vehicles & Aircraft	154.27	1.66	4.32	151.61	18.38	10.27	3.67	24.98	126.63	135.89
7	Leased Assets:										
	- Distillery Division:										
	- Land	8.48	-	-	8.48	-	-	-	-	8.48	8.48
	- Buildings	11.51	-	-	11.51	2.15	0.80	-	2.95	8.56	9.36
	- Plant & Machinery	35.04	-	0.30	34.74	10.90	1.89	-	12.79	21.95	24.14
	- Furniture, Fixtures & Office Equipments	0.08	-	-	0.08	0.07	-	-	0.07	0.01	0.01
8	Intangible Assets-Computer Software	3.31	0.08	-	3.39	2.14	0.66	-	2.80	0.59	1.17
	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
	Previous Year Total	5,295.13	3,125.32	1,553.65	6,866.80	1,059.83	344.12	294.18	1,109.77	5,757.03	4,235.30
9	Capital Work in progress	930.61	3,760.98	114.50	4,577.09	-	-	-	-	4,577.09	930.61
	G.Total	7,797.41	4,082.41	131.89	11,747.93	1,109.77	324.27	4.24	1,429.80	10,318.13	6,687.64
	Previous Year G.Total	5,449.93	4,689.03	2,341.55	7,797.41	1,059.83	344.12	294.18	1,109.77	6,687.64	

- 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 in Bajaj Hindusthan Limited at Palia Kalan were leased w.e.f. May 30, 2006.
- (iii) During the year, an amount of ` 140.46 crore capitalised towards exchange fluctuation loss on foreign currency loans as per the Notification dated 31.03.2009 further amended vide notification dated May 11, 2011 issued by the Ministry of Corporate Affairs.
- (iv) Depreciation for the year is net off excess depreciation of earlier years written back ` 21.86 Crore in respect of Bajaj Eco-Tec Products Limited (Subsidiary).
- (v) Gross Block-Deduction & Adjustments under Plant & Machinery includes ` 0.80 Crore received on account of capital subsidy from Ministry of New and Renewable Energy (U & I Group), Government of India.
- (vi) 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 additional depreciation on account of fair valuation of fixed assets aggregating to ` 61.77 crore has been debited to the Profit & Loss account.
- (vii) Particulars of Capital Work in Progress.

		` Crore			
Particulars	As at Oct. 1, 2010	Additions	Deductions & Adjustments	As at Sept. 30, 2011	
Advance to Suppliers / Contractors	618.17	1,737.49	-	2,355.66	Depreciation debited to the Profit & Loss Account
Plant & Machinery / Civil work in progress	276.66	1,605.76	114.50	1,767.92	323.44
Preoperative Project Expenses:					Depreciation debited to Capital work-in-progress
Manpower Cost	2.47	33.80	-	36.27	0.83
Power and Fuel	0.17	1.28	-	1.45	Total Depreciation for the year
Rent	0.16	1.04	-	1.20	324.27
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	930.61	3,760.98	114.50	4,577.09	

Schedule 7 - Current Assets, Loans & Advances

	` Crore	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
Current Assets :			
(a) Inventories (At cost or net realisable value whichever is lower, unless otherwise stated, as certified and valued by the Management)			
(i) Stores, Spare Parts and Packing Materials		77.31	84.98
(ii) Raw Material		31.96	596.24
(iii) Finished Stock		342.07	1,232.72
(iv) Materials-in-Process		4.95	8.89
(v) By-Products		50.94	44.60
		<u>507.23</u>	<u>1,967.43</u>
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Good		41.68	56.96
Doubtful	0.58		0.43
Less : Provision	<u>(0.58)</u>		<u>(0.43)</u>
		-	-
Other Debts		146.75	95.91
		<u>188.43</u>	<u>152.87</u>
(c) Cash and Bank Balances			
Cash on hand (including cheques & drafts ` 30.09 Crore, Previous year ` 29.72 Crore)		31.22	31.33
Balance with Scheduled Banks:			
(i) In Current Accounts		262.92	136.98
(ii) In Fixed Deposits		446.57	357.35
[FDRs of ` 17.92 Crore (Previous year ` 14.51 Crore) earmarked for specific purposes.]			
Balance with Non-Scheduled Banks - In Current Accounts		0.08	0.11
		<u>740.79</u>	<u>525.77</u>
<i>c/f</i>		<u>1,436.45</u>	<u>2,646.07</u>
		As at Sept. 30, 2011 ` Crore	Maximum balance during the year ` Crore
District Co-operative Bank Limited		0.08 (0.11)	14.08 (9.37)

	As at Sept. 30, 2011 Crore	As at Sept. 30, 2010 Crore
--	----------------------------------	----------------------------------

Schedule 7 - Current Assets, Loans & Advances

b/f	1,436.45	2,646.07
Loans and Advances :		
(d) Loans and Advances (Unsecured, considered good unless otherwise stated)		
Loan to Others*	736.65	616.31
Loan to Others - Doubtful	2.29	2.29
Less: Provision	<u>(2.29)</u>	<u>(2.29)</u>
	-	-
Advances recoverable in cash or in kind or for value to be received	572.05	436.68
Deposits #	18.11	12.95
Balance with Excise Department including Cenvat credits	150.38	215.48
MAT credit entitlement	90.71	81.31
Tax paid in advance (net of Provisions)	52.82	72.37
	<u>1,620.72</u>	<u>1,435.10</u>
	<u>3,057.17</u>	<u>4,081.17</u>

* Includes Secured Loans to Others ` 675.71 crore (Previous year ` 607.41 crore)

Includes National Savings Certificate of the face value of ` 0.14 crore (Previous year ` 0.08 crore) and Pass Book of Post Office Savings Bank Account having an aggregate balance of ` 0.01 crore (Previous year ` 0.01 crore) pledged with Government Authorities.

Schedule 8 - Current Liabilities and Provisions

A. Current Liabilities :		
Sundry Creditors	1,293.52	1,699.00
Interest Accrued but not due	81.31	42.61
Deposits from Stockists and others	7.43	7.08
Investor Education & Protection Fund shall be credited by the following: (Amounts to be transferred to said fund shall be determined on the respective due dates)		
Unclaimed Dividend	0.65	0.49
	<u>1,382.91</u>	<u>1,749.18</u>
B. Provisions:		
For Employee Benefits	18.34	13.98
For premium on redemption of FCCBs	14.59	163.55
Proposed Dividend	9.14	13.40
Corporate Dividend Tax	1.48	2.22
	<u>43.55</u>	<u>193.15</u>
	<u>1,426.46</u>	<u>1,942.33</u>

	2010-2011 ` Crore	2009-2010 ` Crore
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Schedule 9 - Gross Sales/Income from Operations

Sales:		
Manufactured Goods	4,369.67	3,233.69
By Products	33.83	28.23
Power	54.10	41.14
Export	703.62	-
Export Incentives	1.31	-
Services:		
Air Transport	0.96	1.74
	<u>5,163.49</u>	<u>3,304.80</u>

Schedule 10 - Other Income

Dividend on Long Term Investments ` 9,752/-	0.00	0.01
Dividend on Current Investments	0.01	3.70
Surplus on Sale of Assets	4.11	0.36
Lease Rent	14.34	7.05
Gain due to Foreign Exchange Fluctuation (Net)	4.05	47.98
Scrap / Stores sales	8.10	6.58
Profit on sale of Long Term Investment	-	16.62
Provisions no longer required / Credit balances appropriated	7.14	32.19
Miscellaneous Receipts	35.74	24.76
	<u>73.49</u>	<u>139.25</u>

Schedule 11 - Raw Materials Consumed*

Opening Stock	596.24	321.97
Purchases	<u>2,236.61</u>	<u>3,610.65</u>
	2,832.85	3,932.62
Less: Stock on cessation of subsidiary	-	117.30
Less: Closing Stock	31.96	596.24
	<u>2,800.89</u>	<u>3,219.08</u>

* Includes cost of Raw Material sold.

Schedule 12 - Manpower Cost

Salaries & Wages	165.94	160.56
Contribution to Provident, Superannuation and Pension funds	10.44	10.10
Contribution to other funds	3.46	6.33
Employees' Welfare Expenses	7.56	7.78
Employees' Compensation Expenses (ESOP Cost)	-	(0.88)
	<u>187.40</u>	<u>183.89</u>

	\ Crore	2010-2011 \ Crore	2009-2010 \ Crore
Schedule 13 - Other Expenses			
Stores, Spares and Packing Materials consumed		90.43	96.50
Power and Fuel		33.71	52.26
Rent		6.48	6.10
Rates and Taxes		0.96	1.12
Repairs :			
Building	3.01		3.21
Machinery	50.24		36.76
Others	4.21		4.89
		57.46	44.86
Payment to Auditors for:			
Audit fees	0.33		0.31
Tax Audit fees	0.04		0.05
Certification work	0.13		0.13
Out of pocket expenses ` 47,727/-	0.00		0.04
		0.50	0.53
Payment to Cost Auditors (Cost Audit Fees)		0.03	0.03
Insurance		9.84	8.94
Selling Commission		10.71	7.16
Selling & Distribution expenses		49.17	31.72
Directors' fees		0.10	0.11
Donations		2.02	0.04
Miscellaneous Expenses		59.61	137.68
Bad debts written off		1.29	-
Provision for Doubtful Debts		0.15	-
Loss on Assets Sold / Discarded		2.71	0.11
		325.17	387.16

Schedule 14 - Interest and Finance Charges (Net)

Interest :			
On Term Loans		357.29	194.41
On Debentures		1.61	28.52
On Working Capital Loans		153.89	95.70
On Others		122.56	65.95
		635.35	384.58
Less: Interest Income Gross			
On Loans		80.64	69.87
On Others		32.81	10.14
		113.45	80.01
		521.90	304.57
Add: Finance charges		28.82	63.55
		550.72	368.12

Schedule 15 - (Increase)/Decrease in Stocks

Opening Stock:			
Finished Goods	1,232.72		488.46
Materials in process	8.89		10.43
By-product	44.60		54.61
		1,286.21	553.50
Add: Stock on amalgamation			
Finished Goods	-		56.34
Materials in process	-		0.02
By-product	-		24.54
		-	80.90
Less: Stock on cessation of subsidiary			
Finished Goods	-		341.21
Materials in process	-		0.02
By-product	-		24.54
		-	365.77
Less: Closing Stock:			
Finished Goods	342.07		1,232.72
Materials in process	4.95		8.89
By-product	50.94		44.60
		397.96	1,286.21
		888.25	(1,017.58)
Add/(Less): Excise Duty on Increase/Decrease in stocks		(22.50)	18.91
		865.75	(998.67)

Schedule 16 - Statement on Significant Accounting Policies and Notes forming part of the Consolidated Accounts for the year ended September 30, 2011 :

1. System of Accounting:

- (i) The financial statements of Bajaj Hindusthan Ltd. ('the Company'), its Subsidiary Companies and Associate (the Group) have been prepared in compliance with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
- (ii) The financial statements are based on historical cost convention and are prepared on accrual basis except certain fixed assets which are stated at fair value.

2. Principles of Consolidation:

- (i) The consolidated financial statements of the Group have been prepared on the following basis:
 - The consolidated financial statements of the Group are prepared in accordance with the Accounting Standard - 21 "Consolidated Financial Statements" and Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
 - The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by

adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or unrealised cash losses.

- Investment in the Associate has been accounted as per the equity method as prescribed in Accounting Standard - 23.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- The excess of cost of investment in the Subsidiary Companies over the Company's portion of equity of the Subsidiary at the date of investment made is recognised in the financial statements as goodwill, which is written off over a period of five years. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as capital reserve.
- The financial statements of non-integral foreign operation are translated as follows:
 - The assets and liabilities are translated at the closing rate.
 - Income and Expenses items are translated at average rate prevailing during the year.

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

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

Name of the Company	Country of Incorporation	Holding as on Sept. 30, 2011	Financial Year ends on
Subsidiary :			
Bajaj Eco-Tec Products Ltd. #	India	100.00%	31.03.2011
Bajaj Aviation Private Ltd. \$	India	100.00%	30.09.2011
Bajaj Energy Private Ltd. #	India	51.00%	31.03.2011
Bajaj Internacional Participações Ltda. # (Refer Note 14)	Brazil	100.00%	30.04.2011
Bajaj Hindusthan (Singapore) Pte Ltd. #	Singapore	100.00%	31.03.2011
Lalitpur Power Generation Company Ltd. (w.e.f. December 10, 2010) #	India	76.00%	31.03.2011
Bajaj Power Generation Pvt. Ltd. (w.e.f. December 20, 2010) #	India	100.00%	31.03.2011
Associate:			
Bajaj Ebiz Pvt. Ltd. *	India	49.50%	31.03.2011

Management has compiled the accounts for year ended September 30, 2011 in order to consolidate the accounts with that of the Holding Company.

\$ It is a 100% subsidiary of wholly owned subsidiary namely Bajaj Eco-Tec Products Ltd.

* The Company has made provision for permanent diminution in the value of its investment in Bajaj Ebiz Pvt. Ltd. (an associate company). Hence, no further adjustment in the value of investment is required to be made in the consolidated financial statement.

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

	As at Sept. 30, 2011 ` Crore	As at Sept. 30, 2010 ` Crore
3. Contingent Liabilities not provided for:		
(a) In respect of disputed demands/claims against the Company not acknowledged as debts:		
(i) Central Excise matters	32.12	26.77
(ii) Trade Tax matters	8.59	2.53
(iii) Other Claims	52.12	29.83
(b) Guarantee/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	24.98	28.12
(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.		
4. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7,003.60	1,055.14
(b) Lease Rental Income :		
- Not later than one year	2.88	1.28
- Later than one year but not later than five years	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.		

5. Managerial Remuneration:

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

	` Crore
1. Salary, etc.	4.11
	(3.78)
2. Contribution to Provident Fund and Superannuation etc.	0.40
	(0.36)
3. Other Perquisites	1.41
	(1.55)
Total	5.92
	(5.69)

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

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

A. Associates and Joint Ventures

Bajaj E-biz Private Limited – Associate

B. Directors and their relatives

Mr. Shishir Bajaj - Chairman & Managing Director (Key management personnel)

Mrs. Minakshi Bajaj (Wife of Mr. Shishir Bajaj)

Mr. Kushagra Bajaj - Vice Chairman & Joint Managing Director (Also key management personnel) and also son of Mr. Shishir Bajaj.

Mr. Apoorva Bajaj (Son of Mr. Shishir Bajaj)

Dr. Sanjeev Kumar, Director (Corporate and Legal Affairs) (Key management personnel).

C. Key Management Personnel

Mr. Himanshu Shah, Managing Director, Bajaj Eco-Tec Products Limited.

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 Limited
2. Bajaj Infrastructure Development Company Limited.
3. Bajaj Power Venture Private Limited.
4. Global World Power Projects Private Limited.
5. Bajaj Corp Limited.
6. Carbery Infrastructure Pte. Limited.

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

Transactions	Directors/ Key Management Personnel	Enterprises described in (D) above	₹ Crore Total
I. Transaction during the year			
Purchase of Capital Goods	-	1,535.63	1,535.63
	(-)	(123.98)	(123.98)
Rendering of Services	-	1.79	1.79
	(-)	(-)	(-)
Remuneration	5.92	-	5.92
	(5.69)	(-)	(5.69)
Rent Paid	-	0.72	0.72
	(-)	(0.72)	(0.72)
Equity Share Capital Issued (Including Premium)	-	74.20	74.20
	(-)	(225.48)	(225.48)
Share Application Money Received/Refunded	-	627.93	627.93
	(-)	(62.00)	(62.00)
Investment Sold	-	-	-
	(-)	(0.02)	(0.02)
Advance given (Project)	-	859.82	859.82
	(-)	(606.95)	(606.95)
Advance given (Project) Repaid	-	50.00	50.00
	(-)	(-)	(-)
Guarantee taken	-	550.00	550.00
	(-)	(-)	(-)
II. Amounts Outstanding at the Balance Sheet date			
Deposits given	-	0.36	0.36
	(-)	(0.36)	(0.36)
Advance given (Project)	-	1,053.01	1,053.01
	(-)	(606.95)	(606.95)
Creditors (Services)	-	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 ₹ 1,535.63 crore (P.Y. ₹ 123.98 crore) from Bajaj Infrastructure Development Company Ltd.
4. Rendering of Services includes ₹ 1.79 crore (P.Y. Nil) from Carbery Infrastructure Pte. Ltd.
5. Remuneration includes ₹ 2.18 crore (P.Y. ₹ 2.06 crore) to Mr. Shishir Bajaj, ₹ 1.44 crore (P.Y. ₹ 1.49 crore) to Mr. Kushagra Bajaj, ₹ 1.22 crore (P.Y. ₹ 0.74 crore) to Dr. Sanjeev Kumar and ₹ 0.91 crore (P.Y. ₹ 1.08 crore) to Mr. Himanshu Shah.
6. Rent paid includes ₹ 0.72 crore (P.Y. ₹ 0.72 crore) to Bajaj Capital Ventures Pvt. Ltd.
7. Equity Share Capital issued includes ₹ 74.20 Crore (P.Y. ₹ 149.88 crore) to Bajaj Power Venture Pvt. Ltd.
8. Share Application Money received includes ₹ 627.93 crore (P.Y. ₹ 62.00 crore) from Bajaj Power Ventures Pvt. Ltd. Further ₹ 148.00 crore (P.Y. Nil) received from Global World Power Projects Pvt. Ltd. which was refunded during the year not included above.
9. Advance given (Project) includes ₹ 859.82 crore (P.Y. ₹ 606.95 crore) to Bajaj Infrastructure Development Company Ltd.
10. Advance given (Project) repaid includes ₹ 50.00 crore (P.Y. Nil) from Bajaj Infrastructure Development Company Ltd.
11. Guarantee taken includes ₹ 550.00 crore (P.Y. Nil) from Bajaj Corp Ltd.

7. Segment Information:

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

Primary Segment Information:

Particulars	2010-2011 ` Crore	2009-2010 ` Crore
1. Segment Revenue :		
a. Sugar	4,564.04	2,990.81
b. Distillery	335.68	165.71
c. Power	204.01	175.45
d. Bagasse Board	144.76	142.73
e. Others	0.96	1.74
Total	5,249.45	3,476.44
Less : Inter-segment Revenue	241.04	275.01
Net Sales/Income from Operations	5,008.41	3,201.43
2. Segment Results :		
(Profit (+)/ Loss(-) before tax and interest)		
a. Sugar	335.39	198.00
b. Distillery	119.69	22.76
c. Power	161.03	123.50
d. Bagasse Board	(4.65)	(32.80)
e. Others	(1.75)	(74.84)
Total	609.71	236.62
Less: (i) Interest (Net)	550.72	368.12
(ii) Other Un-allocable Expenditure net off Un-allocable Income	30.46	(163.50)
Total Profit before Tax	28.53	32.00
3. Segment Assets:		
a. Sugar	5,479.56	7,436.24
b. Distillery	518.96	582.46
c. Power	5,303.27	1,433.79
d. Bagasse Board	346.27	344.36
e. Others	79.46	36.32
Total	11,727.52	9,833.17
Add: Unallocated Corporate Assets	2,343.03	1,629.54
Total Assets	14,070.55	11,462.71
4. Segment Liabilities:		
a. Sugar	321.34	763.90
b. Distillery	13.05	16.15
c. Power	39.90	18.82
d. Bagasse Board	16.93	15.15
e. Others	2.52	0.27
Total	393.74	814.29
Add: Unallocated Corporate Liabilities	1,032.72	1,128.04
Total Liabilities	1,426.46	1,942.33
5. Capital Expenditure:		
a. Sugar	165.19	35.98
b. Distillery	10.54	8.45
c. Power	3,784.47	867.82

Particulars	2010-2011 ` Crore	2009-2010 ` Crore
d. Bagasse Board	5.62	1.54
e. Unallocated	2.09	120.83
Total	3,967.91	1,034.62
6. Depreciation & Amortisation:		
a. Sugar	260.58	253.92
b. Distillery	27.12	23.68
c. Power	32.77	26.42
d. Bagasse Board	(7.70)	32.99
e. Others	0.65	0.65
f. Unallocated	10.02	6.37
Total	323.44	344.03
7. Non Cash Expenditure other than Depreciation & Amortisation:		
a. Sugar	Nil	Nil
b. Distillery	Nil	Nil
c. Power	Nil	Nil
d. Bagasse Board	Nil	Nil
e. Unallocated	Nil	Nil
Total	-	-

Other disclosures:

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

8. Deferred Taxation :

	As at Oct. 01, 2010	During the year	Cr As at Sept. 30, 2011
Deferred Tax Liabilities:			
Depreciation	517.59	10.72	528.31
Total	517.59	10.72	528.31
Deferred Tax Assets:			
Provision for Employee Benefits	4.46	1.19	5.65
Provision for doubtful debts / advances	0.08	0.01	0.09
Carry Forward loss and unabsorbed Depreciation	429.20	5.92	435.12
Total	433.74	7.12	440.86
Net Deferred Tax Liability / (Asset)	83.85	3.60	87.45

9. 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:

Gratuity

Particulars	2010-2011 Crore	2009-2010 Crore
Liability to be recognised in Balance Sheet as on Sept. 30		
Present value of Funded Obligations	25.63	22.81
Fair Value of Plan Assets	(15.90)	(16.08)
Net Liability / (Asset)	9.73	6.73
Change in Plan Assets (Reconciliation of Opening & Closing Balances)		
Fair Value of Plan Assets as at October 01	16.08	6.37
Fair Value of the plan assets of amalgamating company	-	2.66
Expected Return on Plan Assets	1.28	0.90
Actuarial Gain / (Losses)	0.16	0.26
Contributions	0.32	7.16
Benefits Paid	(1.94)	(1.27)
Fair Value of Plan Assets as at September 30	15.90	16.08
Reconciliation of Opening and Closing Balances of obligation		
Change in defined Benefit Obligation as at October 01	22.80	14.94
Change in defined Benefit Obligation of amalgamating company	-	3.01
Current Service Cost	2.68	2.37
Interest cost	1.89	1.48
Actuarial Losses / (Gain)	0.19	2.26
Benefits Paid	(1.94)	(1.27)
Obligation as at September 30	25.62	22.79
Expenditure to be recognised during the year		
Current Service Cost	2.68	2.37
Interest cost	1.89	1.48
Expected Return on Plan Assets	(1.28)	(0.90)
Net Actuarial Losses / (Gain) Recognised during the year	0.03	2.01
Total Expenditure included in "Employees Emoluments"	3.32	4.96
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%

10. In respect of the Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to US\$ 12.00 crore issued by the Company and of which FCCBs of US\$ 9.96 crore were outstanding, after conversion/repurchase from time to time, the company has made repayment of an aggregate amount of US\$ 13.30 crore, including the redemption premium of US\$ 3.34 crore on the due date (February 02, 2011) in accordance with the terms and conditions of the said FCCBs.
11. 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. As per the notification, option for such accounting treatment was available for financial year ending on or before March 31, 2011. However, the said date was extended by one year vide notification dated May 11, 2011. Accordingly, the Company has adjusted ` 140.46 crore being loss on exchange fluctuation on long term monetary items for the financial year ended September 30, 2011, to the carrying cost of fixed assets.
12. On 29th September, 2011, the Company opened an issue offering 45,67,14,222 equity shares of face value Re.1/- at a premium of ` 35/- per equity share for an amount aggregating to ` 1,644.17 crore on rights basis to the existing shareholders of the Company. The issue was closed on October 13, 2011. On October 31, 2011, Company made allotment of 41,10,42,800 equity shares of face value Re.1/- at a premium of ` 35/- per equity share, as finalised in consultation with Designated Stock Exchange. As a result of which, paid up capital stands increased to ` 63.94 crore divided into 63,93,99,911 equity shares of Re.1/- each. The Company has raised an amount of ` 1,479.75 crore by way of right issue with the principal object of repaying/prepaying certain loan funds. These equity shares rank pari passu with the existing shares of the Company and would be eligible for the dividend that would be approved at the ensuing Annual General Meeting. The Company has incurred issue related expenditures of ` 31.43 crore till September 30, 2011 which are included under current assets. These together with further expenditures incurred thereafter would be adjusted against the Securities Premium account.

13. Disclosures in respect of derivative instruments :

	As at Sept. 30, 2011		As at Sept. 30, 2010	
	Forward Contract	Option	Forward Contract	Option
	USD Crore	JPY/USD Crore	USD Crore	JPY/USD Crore
(i) Derivative instruments outstanding as at September 30, are as under:				
Loans taken (JPY/USD)	69.51	804.23	-	943.26
ECB-USD	-	-	0.93	-
FCCB-USD	-	-	7.70	5.60
Creditors-USD	-	-	9.61	-
(All the derivative instruments have been acquired for hedging purposes.)				
(ii) Foreign currency exposures that are not hedged as at September 30, are as under:				
	JPY/USD Crore		JPY/USD Crore	
Debtors-USD	0.28		-	
Creditors-USD	-		1.33	
FCCB-USD	1.50		1.50	
ECB-USD	16.54		19.14	
ECB-JPY	114.89		114.89	

14. Bajaj Internacional Participações Ltda., Brazil has opted for voluntary dissolution as per the applicable regulations of Brazil. The Company has filed/in the process of filing the required information with the regulators for obtaining dissolution order. During the year, the said company has remitted capital amount back to the Company which has been credited to Investment.
15. Pursuant to the General Circular no. 2/2011 dated February 8, 2011 of Ministry of Corporate Affairs and consent of the Board of Directors vide their resolution passed at the Board Meeting held on September 29, 2011 for not attaching the Balance Sheets of subsidiaries, the Company has not attached with its Balance Sheet as at September 30, 2011, the documents specified in Section 212(1) of the Act in respect of its seven subsidiaries, viz. (i) Bajaj Eco-Tec Products Limited, (ii) Bajaj Aviation Private Limited, (iii) Bajaj Energy Private Limited, (iv) Lalitpur Power Generation Company Limited, (v) Bajaj Power Generation Private Limited, (vi) Bajaj Hindusthan (Singapore) Private Limited and (vii) Bajaj Internacional Participações Limitada., and has disclosed the requisite information in the Consolidated Balance Sheet as at September 30, 2011 in Annexure A.
16. Figures pertaining to subsidiary companies have been regrouped / rearranged wherever required to bring them in line with Company's financial presentation.
Signatures to Schedules "1" to "16"

As per our attached report of even date

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

Shishir Bajaj
Chairman & Managing Director

D. S. Mehta
M. L. Apte
D. K. Shukla
Directors

Amit Chaturvedi
Partner
Membership No. 103141

Pradeep Parakh
Group President (GRC) &
Company Secretary

Mumbai, November 23, 2011

STATEMENT OF INFORMATION OF SUBSIDIARY COMPANIES

Annexure 'A' referred to in Note No.15 in Schedule 16 to the Consolidated accounts for the year ended September 30, 2011

₹ Crore

Name of the Subsidiary Company	Bajaj Eco-Tec Products Ltd.	Bajaj Aviation Pvt. Ltd.	Bajaj Internacional Participações Ltda. **	Bajaj Hindusthan (Singapore) Pte. Ltd. ***	Bajaj Energy Pvt Ltd.#	Lalitpur Power Generation Company Ltd. #	Bajaj Power Generation Pvt. Ltd. #
Financial year ended	31.03.2011	30.09.2011	30.04.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
Issued, Subscribed and Paid up share capital	81.50	5.00	5.70	97.36	15.29	0.05	0.02
Reserves	(70.64)	(0.12)	0.14	(21.11)	272.30	Nil	@ (0.00)
Total Assets	288.60	12.48	5.84	76.25	1,864.63	685.28	0.02
Total Liabilities	288.60	12.48	5.84	76.25	1,864.63	685.28	0.02
Details of Investments (except in case of investment in subsidiaries)	Nil	0.11	Nil	Nil	100.02	Nil	Nil
Turnover*	160.37	0.99	0.63	358.28	Nil	Nil	Nil
Profit before taxation	(48.72)	(2.27)	0.33	(25.28)	(0.10)	Nil	Nil
Provision for taxation	0.81	(0.74)	0.08	(4.31)	Nil	Nil	Nil
Profit after taxation	(49.53)	(1.53)	0.25	(20.97)	(0.10)	Nil	Nil
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes :

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

** 2 The financial statements are translated at the exchange rate as on 30.09.2011 i.e. 1 BRL = ₹ 26.3770

*** 3 The financial statements are translated at the exchange rate as on 30.09.2011 i.e. 1 USD = ₹ 48.9253

4 The commercial activities of the Company has not commenced up to 31.03.2011.

@ 5 Bajaj Power Generation Private Ltd. - Reserves (₹ 40,044/-)

