

# BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED

*39<sup>th</sup> Annual Report 2008-09*



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## **BOARD OF DIRECTORS**

Mr. Kushagra Bajaj, Chairman  
Dr. Swatantra Singh Kothari (upto January 11, 2009)  
Mr. Purshottam L. Dadheech  
Mr. Pradeep Kumar Mittal  
Mr. Gautam Ashra  
Mr. Rakesh Bhartia (upto April 21, 2009)  
Mr. K.S.Vaidyanathan  
Mr. Pradeep Parakh

## **MANAGER & COMPANY SECRETARY**

Mr. Chandresh Chhaya

## **BANKERS**

Central Bank of India  
Punjab National Bank

## **AUDITORS**

DALAL & SHAH  
Chartered Accountants  
252, Veer Savarkar Marg,  
Shivaji Park, Dadar,  
Mumbai - 400 028.

## **REGISTERED OFFICE**

Bajaj Bhawan, 2nd Floor,  
Jamnalal Bajaj Marg,  
226, Nariman Point,  
Mumbai - 400 021.

<b>FACTORIES</b>			
<b>Pratappur</b> Dist.: Deoria Uttar Pradesh	<b>Rudauli</b> Dist.: Basti Uttar Pradesh	<b>Utraula</b> Dist.: Balrampur Uttar Pradesh	<b>Kundarkhi</b> Dist.: Gonda Uttar Pradesh

## **CHAIRMAN'S LETTER**



*Dear Shareholders,*

Bajaj Hindusthan Sugar and Industries Limited (BHSIL) with four sugar manufacturing units and a distillery spread across eastern Uttar Pradesh strategically caters to the lucrative markets of the east.

The year under review witnessed drought conditions in the sugarcane growing areas of the country and hence contributed to a significant drop in cane production. Domestic sugar production consequently dropped to 14.7 million tonnes as against a high of 26.3 million tonnes recorded in 2007-08. With a sugar consumption of close to 23 million tonnes, the country faced an acute deficit, which led to an escalation of sugar prices.

For the year 2008-09, BHSIL reported improved realizations and an increase in sales, riding on rising sugar prices. However, higher interest costs and depreciation charge on the commissioning of three new sugar units adversely impacted profit for the year.

The current sugar season of 2009-10 was impacted by late unseasonal rains in sugar producing states of Uttar Pradesh, Maharashtra and Karnataka where several tracts of cane perished and overall recovery of sugar from cane fell. As a result, the crushing season started late by around a month. Coupled with low cane availability, the sugar demand-supply mismatch is expected to continue in the current sugar season as well. It is apprehended that the sugar production will fall short of the 16 million tonnes projected in the beginning of the season. To cover deficit, the government had allowed duty-free import of sugar in 2008-09. Till date, the country has imported 3.8 million tonnes of raw and 0.50 million tonnes of refined sugar, with an appetite for more. However, despite an import of over 4 million tonnes of sugar, prices in India have continued to climb, fuelling strong international prices. Prices are expected to remain firm in the long-term.

Sugar mills in India have been selling 10 percent of their production for distribution at a subsidized cost through the public distribution system. In view of the current shortage, the government has this year, increased the volume of this sugar, called levy sugar to 20 percent. The levy sugar price was hitherto based on the Statutory Minimum Price (SMP) of sugarcane announced by the Central government. However, states including Uttar Pradesh (UP) had the authority of fixing a price called the State Advised Price (SAP), usually higher than the SMP. The Central government, through a new ordinance introduced in October, 2009 amended the Essential Commodities Act, 1955 whereby the SMP was replaced by a Fair Remunerative Price (FRP) of Rs. 129.84 per quintal of cane for the season 2009-10 as against the SMP of Rs. 81.18 per quintal in the last season. The levy price of sugar is now based on the higher FRP, bringing some respite to producers in UP.

The continuous support and confidence of our stakeholders including the strong commitment and dedication of the over 1,600 employees of the company will enable us to achieve new heights from the continuing upswing in the sugar and related business cycle.

With every good wish,

Sincerely yours,

**Kushagra Bajaj**

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Thirty Ninth Annual General Meeting** of the Members of Bajaj Hindusthan Sugar and Industries Limited will be held on **Wednesday, March 17, 2010 at 11.00 A.M.** at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai- 400 021, to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended September 30, 2009 and Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pradeep Kumar Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. S. Vaidyanathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors M/s. Dalal & Shah, Chartered Accountants who have given a Notice in writing expressing their unwillingness to offer themselves for re-appointment as the Auditors of the Company, to hold office from conclusion of this (39th) Annual General Meeting until the conclusion of the next (40th) Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company.”

### Special Business:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the Foreign Exchange Management Act, 1999, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, Regulations for Qualified Institutions Placement contained in Chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009, the notifications issued by the Reserve Bank of India (“RBI”) and other applicable laws, listing agreement entered into by the Company with the stock exchanges where the shares of the Company are listed, Articles of Association and subject to all other statutory and regulatory approvals, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (“SEBI”) and all other Concerned Authorities (hereinafter singly or collectively referred to as the “Appropriate Authorities”) as may be required, and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval, consent, permission and/or sanction and agreed to by the Board of Directors of the Company (the “Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to create, issue, offer and allot equity shares and/or securities in one or more tranches, whether denominated in rupee or foreign currency(ies), in the course of international and/or domestic offering(s) in one or more domestic or foreign market(s), for a value of upto Rs.1,425 crore (Rupees One thousand four hundred twenty five crore only) including Equity Shares and/or Other Financial Instruments (“OFIs”) through Qualified Institutions Placement (“QIP”) basis to Qualified Institutional Buyers (“QIB”), Global Depository Receipts (“GDRs”), American Depository Receipts (“ADRs”), Foreign Currency Convertible Bonds (“FCCBs”), any other Depository Receipt Mechanism and/or convertible into Equity Shares (either at the option of the Company or the holders thereof) at a later date, any such instrument or security [including Debentures or Bonds or Foreign Currency Convertible Bonds (“FCCBs”)] being either with or without detachable warrants attached thereto entitling the warrant holder to apply for Equity Shares/instruments or securities including Global Depository Receipts and American Depository Receipts representing Equity Shares (hereinafter collectively referred to as the “Securities”) or any combination of Equity Shares with or without premium, to be subscribed to in Indian and/or any foreign currency(ies) by resident or non-resident / foreign investors (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise) / Foreign Institutional Investors (“FIIs”) / Mutual Funds/ Pension Funds/ Venture Capital Funds/ Banks and such other persons or entities, whether or not such investors are members of the Company, to all or any of them, jointly or severally through prospectus, offer document and/or other letter or circular (“Offer Document”) and/or on private placement basis, from time to time in one or more tranches as may be deemed appropriate by the Board and such issue and allotment to be made on such occasion or occasions, at such value or values, at a discount or at a premium to the market price prevailing at the time of the issue and in such form and manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with the Merchant Bankers, Lead Manager(s) and/or Underwriters and/or other Advisors, with the authority to retain oversubscription upto such percentage as may be permitted by the Appropriate Authorities, with or without voting rights in general meetings/ class meetings, at such price or prices, at such interest or additional interest, at a discount or at a premium on the market price or prices and in such form and manner and on such terms and conditions or such modifications thereto, including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption/ prepayment, number of further equity shares, to be allotted on conversion/

## Bajaj Hindusthan Sugar and Industries Limited

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redemption/ extinguishment of debt(s), exercise of rights attached to the warrants, the ratio of exchange of shares and/or warrants and/ or any other financial instrument, period of conversion, fixing of record date or book closure and all other related or incidental matters as the Board may in its absolute discretion think fit and decide in consultation with the appropriate authority(ies), the Merchant Banker(s) and/or Lead Manager(s) and/or Underwriter(s) and/or Advisor(s) and/or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable regulations for the time being in force.”

“RESOLVED FURTHER THAT the Relevant Date for determining the pricing of the securities [whether on Qualified Institutional Placement to QIBs as per the provisions of Chapter VIII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009] or issue of equity shares underlying the Global Depository Receipts or securities issued on conversion of FCCBs is the date of the meeting in which the Board decides to open the proposed issue or such date, if any, as may be notified by SEBI or the RBI or any Appropriate Authority from time to time.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to allot further shares upto 15 (fifteen) percent of its issue size to the Stabilisation Agent by availing the Green Shoe Option subject to the provision of relevant SEBI Regulations and enter into and execute all such agreements and arrangements with any Merchant Banker or Book Runner, as the case may be, involved or concerned in such offerings of Securities and to pay all such fee/ expenses as may be mutually agreed between the Company and the said Stabilisation Agent.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such agreements and arrangements with any Lead Manager(s), Co-Lead Manager(s), Manager(s), Advisor(s), Underwriter(s), Guarantor(s), Depository(ies), Custodian(s), Trustee, Stabilisation Agent, Banker/ Escrow Banker to the Issue and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such Securities in one or more Indian/ International Stock Exchanges.”

“RESOLVED FURTHER THAT the Board and/or an agency or body authorised by the Board may issue Depository Receipt(s) or Certificate(s), representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International Capital Markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/ International practices and regulations and under the norms and practices prevalent in the Indian/ International Markets.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of further equity shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offering, all such further equity shares ranking pari-passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue and in the offer document.”

“RESOLVED FURTHER THAT subject to the existing law and regulations, such Securities to be issued, that are not subscribed, may be disposed of by the Board to such person(s) and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company, including offering or placing them with resident or non-resident/ foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise)/ Foreign Institutional Investors (“FIIs”)/ Qualified Institutional Buyers (“QIBs”)/ Mutual Funds/ Pension Funds/ Venture Capital Funds/ Banks and/or Employees and Business Associates of the Company or such other person(s) or entity(ies) or otherwise, whether or not such investors are members of the Company, as the Board may in its absolute discretion decide.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised on behalf of the Company to agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue(s)/ offer(s) or allotment(s) or otherwise and utilisation of the issue proceeds and/ or otherwise to alter or modify the terms of issue, if any, as it may in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the Company to the end and intent that the Company shall be deemed to have given its approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution on it, to any Committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.”

By Order of the Board of Directors

Place: Mumbai  
Dated: December 15, 2009

**Chandresh Chhaya**  
Manager & Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A Proxy Form is enclosed.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. An Explanatory Statement setting out all material facts relating to the Special Business contained in Item No.5 as required under Section 173 of the Companies Act, 1956 is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, March 15, 2010 to Wednesday, March 17, 2010 (both days inclusive) for the Thirty Ninth Annual General Meeting of the Company.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Company’s Registrar & Share Transfer Agent enclosing their share certificates to enable them to consolidate their holdings in one folio.
7. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at any one of the following addresses:

<b>By Post/Courier/Hand Delivery</b>	<b>By Hand Delivery</b>
Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400078. Tel.:022-25946970 Fax:022-25946969 E-mail: <a href="mailto:mnt_helpdesk@linkintime.co.in">mnt_helpdesk@linkintime.co.in</a> Website: <a href="http://www.linkintime.com">www.linkintime.com</a>	Link Intime India Private Limited 203, Davar House, 197/199, D. N. Road, Mumbai 400001. Tel.:022-22694127

Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding equity shares in electronic form are requested to submit the PAN Card copy to their Depository Participants with whom they are maintaining their demat account. Members holding equity shares in Physical form are requested to submit their PAN card copy to the Registrar & Transfer Agent of the Company – Link Intime India Private Limited at any one of its aforesaid addresses.

8. Pursuant to the provisions of Sections 205A to 205C of the Companies Act, 1956, all unclaimed/unpaid dividend transferred to the “Unpaid Dividend Account” of the Company as contemplated in Section 205A of the Companies Act, 1956 that remains unclaimed/ unencashed for a period of 7 years from the respective date of such transfer, has to be transferred by Bajaj Hindusthan Sugar and Industries Limited to “the Investor Education and Protection Fund” being the fund constituted by the Central Government under Section 205C (1) and no claims shall lie against the said Fund or the Company in respect thereof.

During the year, the Company has transferred a sum of Rs.1,16,403/- to Investor Education and Protection Fund in terms of the aforesaid provisions.

9. The Company has been maintaining, inter alia, the following statutory registers at its registered office at Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 which are open for inspection by members and others as prescribed in the respective Sections of the Companies Act, 1956:
  - a) Register of Contracts with companies and firms in which directors are interested under Section 301 of the Companies Act, 1956;
  - b) Register of Directors’ Shareholding under Section 307 of the Companies Act, 1956 during office hours on all working days except Saturdays between 11.00 A.M. and 1.00 P.M. at the Registered Office of the Company during the period

## Bajaj Hindusthan Sugar and Industries Limited

beginning fourteen days before the date of the ensuing Annual General Meeting and ending three days after the date of its conclusion.

10. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting is given below:

Name of Director	Brief Resume & Functional Expertise	Appointment/ Re-appointment	Directorship held in other Companies	Committee positions held in other Companies
Mr. Pradeep Kumar Mittal	Mr. Pradeep Kumar Mittal, aged 56 years is B.Com, LL.B and a Fellow Member of the Institute of Company Secretaries of India since 1993. He is a practising advocate before Supreme Court, Delhi High Court, Custom Excise and Service Tax Appellate Tribunal, FEMA Appellate Tribunal, Company Law Board, MRTP Commission and District Courts. He is an advisor / retainer to many public sector companies and on the panel of Union of India (Central Government), banks and PSUs. He joined the Board of the Company in April, 2007.	Re-appointment on retirement by rotation	1) Raunaq International Ltd. 2) HB Stockholdings Ltd.	1) HB Stockholdings Ltd. - Audit Committee
Mr. K.S. Vaidyanathan	Mr. K.S. Vaidyanathan, aged 70 years, a Commerce graduate has joined Bajaj Hindusthan Limited as Director- Corporate Affairs in June, 2007. Before joining Bajaj Hindusthan Limited, he retired from ITC Limited as Senior Vice President- Corporate Affairs after an illustrious career of 25 years. He also served Goodyear, Air India, TVS and Premier Tyres. He has in-depth knowledge of public policy, Government systems and procedures and regulatory measures and processes. He joined the Board of the Company in July, 2007.	Re-appointment on retirement by rotation	1) Bajaj Aviation Private Limited	None

### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

##### In respect of resolution set out in Item No. 5 of the Notice

The strategic growth plant of the Company by increasing its sugarcane crushing capacity from 3,200 Tonnes Crushed per Day (TCD) to 40,000 TCD involving increasing the capacity of one plant and setting up three new sugar plants as also setting up a new distillery with capacity of 160 KL per day with facility to manufacture ethanol were completed almost as per the schedule and all the plants have commenced operations during the previous accounting year 2007-08.

As informed earlier, the capital outlay for the aforesaid growth in sugar and distillery capacity aggregating to around Rs.1,270 crore was partly funded through a mix of equity and debt aggregating to around Rs.950 crore and the balance funds were temporarily provided by the holding company as a bridge loan to ensure timely completion of the project.

The Company has been continuously exploring various avenues for raising funds in domestic/international markets by way of issue of shares/ convertible securities in form of GDRs/ ADRs/ FCCBs issue and/or issues to Qualified Institutional Buyers (QIBs) and/or private placement, etc. and has in past obtained the requisite approval under Section 81(1A) of the Companies Act, 1956 from shareholders in this regard from time to time.

The last such enabling approval from the shareholders of the Company was obtained by passing the Special Resolution on May 25, 2009 to issue further shares/issue of convertible securities by way of private placements, GDRs/ADRs/FCCBs and/or issues to QIBs upto Rs.1,425 crore. However, due to adverse capital market conditions and inordinately difficult time witnessed by the sugar industry in India, the equity funds raising plans could not be materialized. The validity of the aforesaid resolution will expire on May 24, 2010 in terms of provisions of Regulation 88 for Qualified Institutions Placement contained in Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "SEBI (ICDR) Regulations").

The Company requires funds for repayment of loans, working capital and general corporate purposes. The Company therefore proposes to raise funds for an amount upto Rs. 1,425 crore by issue of equity shares and or FCCBs /ADRs /GDRs and or any other financial instruments convertible into equity, or through Qualified Institutional Placement under SEBI (ICDR) Regulations, 2009 and or through issuance of securities in the international markets. Therefore, as per the provisions of Chapter VIII of the SEBI (ICDR) Regulations, 2009, approval of shareholders by passing of resolution under Section 81 (1A) of the Companies Act, 1956 shall have to be obtained in addition to other permissions, consents and approvals.

### **Pricing (as defined in Regulation 85 of the SEBI (ICDR) Regulations)**

As per the provisions of Regulation 85 of Chapter VIII of the SEBI (ICDR) Regulations, 2009, issue of specified securities shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares belonging to the same class as quoted on a stock exchange during the two weeks preceding the relevant date.

### **Relevant Date**

The Relevant date for the purpose of Regulation 85 means the date of meeting in which the Board or any Committee of Directors duly authorized by the Board of the Company decides to open the proposed issue.

Pursuant to the provisions of Chapter VIII of the SEBI (ICDR) Regulations, 2009, the aggregate of the proposed Qualified Institutions Placements and all previous Qualified Institutions Placements made by the Company in the same financial year shall not exceed 5 times the net worth of the Company as per the audited balance sheet of the previous financial year.

For making any further issue of shares to any person/s other than existing Equity Shareholders of the Company, approval of Shareholders is required to be obtained by way of passing a Special Resolution pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956. Therefore, the Board of your Company has recommended the Resolution contained in Item No. 5 contained herein to be passed by the shareholders, so as to enable it to make further issue of equity shares and/or other securities which will include issue on QIP basis.

The said special resolution is only an enabling one seeking authority for the Board to raise funds from time to time as may be required.

The Board of Directors recommend passing of the Special Resolutions set out herein in Item No 5 of the Notice.

All the Directors may be deemed to be interested in the Resolution Item No. 5, to the extent of shares and/or securities that may be offered to them and/or entities in which any of respective Director is deemed to be interested. Save as aforesaid, none of the Directors of the Company is, in any way, concerned or interested in the Resolution proposed in Item No. 5 of the Notice.

By Order of the Board of Directors

**Chandresh Chhaya**

Manager & Company Secretary

Place: Mumbai

Dated: December 15, 2009

### **Registered Office:**

Bajaj Bhavan,  
2nd Floor, Jamnalal Bajaj Marg,  
226, Nariman Point,  
Mumbai - 400 021.

# Bajaj Hindusthan Sugar and Industries Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Thirty Ninth annual report and the audited statement of accounts for the year ended September 30, 2009.

### FINANCIAL RESULTS

The financial performance for the year ended September 30, 2009 is summarized below:

Particulars	Year ended September 30, 2009 (Rs. Million)	Year ended September 30, 2008 (Rs. Million)
Sales and Other income	4,157.79	3,021.69
Gross Profit / (Loss) before interest and depreciation	1,390.75	(188.48)
Less : Interest and Finance Charges	722.02	472.49
Less : Depreciation	802.08	474.32
Profit / (Loss) before tax	(133.35)	(1135.29)
Less : Provision for current year taxation	—	—
Provision for deferred tax	(45.42)	(386.07)
Provision for fringe benefit tax	1.36	8.26
Transitional Liability under Employee benefits	—	0.59
Profit / (Loss) after tax	(89.29)	(757.48)
Less : Transfer to reserve for construction for Molasses Storage Tanks	0.41	0.53
Balance carried to Balance Sheet	(531.43)	(1075.12)

### DIVIDEND

Your Directors have not recommended any dividend on equity shares for the financial year under review.

### DELISTING OF EQUITY SHARES FROM THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED

The Company had made an application on September 07, 2006 for voluntary delisting of its 3,60,00,000 Equity Shares of Re.1/- each from The Calcutta Stock Exchange Association Limited (CSE) after complying with necessary formalities stipulated under Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. CSE vide their Letter No.CSEA/ID/032/2009 dated 27th January, 2009 accorded its approval for voluntary delisting of the said Equity Shares of the Company with effect from January 12, 2009.

The Equity Shares of the Company continue to remain listed at Bombay Stock Exchange Limited.

### EMPLOYEE STOCK OPTION

Out of 11,00,000 Stock options granted to eligible employees of the holding company, 6,45,000 stock options were outstanding as of October 01, 2008. During 2008-09, no stock options were exercised /lapsed.

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 A to this report.

### SCHEME OF ARRANGEMENT

The scheme of arrangement which *inter alia* envisaged merger of Phenil Sugars Private Limited with the Company has yet to receive approval from its major lender-International Finance Corporation, Washington. On receipt of the same, requisite application with Bombay High Court to seek necessary directions *inter alia* for holding of the meetings of shareholders, creditors etc. is proposed to be filed.

Phenil Sugars Private Limited has filed Petition for approval of Scheme of Arrangement, which is pending before Delhi High Court.

### FINANCE

Based on the approval accorded by the shareholders by passing a special resolution at the Extraordinary General Meeting of the Company held on May 25, 2009, the Company started exploring the buyers through Qualified Institutional Placement and will continue to explore various fund raising options to meet its long/ short term requirements.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development

World sugar production was drastically lower at 153 MMT in 2008-09 as against 167 MMT recorded in 2007-08, a dip mainly due to lower production in India. The inventory at the beginning of the year was 74 MMT and the closing inventory was 63 MMT. Global Consumption of sugar has grown steadily upwards from 159 MMT in 2007-08 to 161 MMT in 2008-09. In 2008-09, Imports were 54 MMT whereas exports were 57 MMT. The global demand supply situation is expected to tighten on account of steady consumption growth coupled with rising import demand from India.

Indian sugar production in 2008-09 was plummeted at around 15 MMT from around 26 MMT in 2007-08.

### Government Policies

Sugar is the second largest agro processing industry in India after textiles. Sugar being an essential commodity and having a high weightage (3.63 %) in the WPI, is regulated by the Government through control on cane pricing, external trade, and control on sugar that can be sold in the open market. The Central Government decides the minimum support price, called the Statutory Minimum Price (SMP), at which sugar mills have to purchase sugarcane from farmers. The SMP is based on the recommendations of the Commission for Agricultural Costs and Prices. For the 2008-09 sugar season, the SMP was fixed at Rs.81.18 per quintal linked to a base sugar recovery of 9% with Rs.0.90 for each incremental 0.1% recovery. On top of the SMP, every state government also has the power to declare a State Advised Price (SAP) for sugarcane. The Government of Uttar Pradesh (UP) announced a price of Rs.140 per quintal for the sugar season 2008-09. However, the Court has upheld the Government fixed SAP of Rs.140 per quintal for the Sugar season 2008-09.

Through a new ordinance dated October 22, 2009, the Central Government has changed the structure of cane pricing mechanism. The new ordinance will be applicable from Sugar season 2010. The Central Government has amended Essential Commodities Act, 1955 to replace SMP for cane to Fair Remunerative Price (FRP) which will now be the price that mills across the country need to pay.

The FRP announced for the sugar season 2009-10 is Rs.129.84 per quintal linked to recovery of 9.5% subject to premium of Rs.1.37 per quintal for every 0.1 per cent increase in recovery.

Domestic sugar sales are regulated by the Central Government which decides how much a mill can sell in the open market i.e. free sale quota and how much is to be released by the mills for distribution through the public distribution system that is levy quota which is presently at 10%. This levy quota has now been increased to 20%. Also in view of SMP being replaced by FRP, the levy price will also undergo a revision since now levy sugar price will 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.

Due to acute shortage faced by the country, the government has come out with slew of measures to contain the sugar prices from rising. These measures are allowing duty free import of raw sugar without export obligation. Allowing duty free import of white sugar, Imposing stock limits on dealers, wholesalers as well as industrial users of sugar etc. In spite of these efforts, the prices are ruling at Rs.35 per KG in the retail market.

Sugar companies based in UP with power cogeneration capacities may see a sustainable boost to their revenues and profit starting this fiscal year, with the UP Electricity Regulatory Commission hiking the tariffs for purchase of electricity from sugar mills to Rs. 4 a unit from 2009-10 to 2012-14.

### Outlook

The demand for sugar in India is driven by the increase in population and the rise in income levels.

Driven by double whammy of worst monsoon in the last 37 years, untimely late rainfall in Southern Indian states and an estimated decline in area under sugarcane, the sugar production in India will continue to remain low even in Sugar season 2009-10 at around 15 million tonnes. With the expected consumption of 23-24million tonnes, there will be an expected depletion of stock to the tune of 8-9 million tonnes. India has already imported roughly more than 2 million tones in Sugar Season 2009 and needs to import more if it has to balance its inventory.

Sugar Season 2008-09 saw a weak sugarcane crop and as a consequence, fall in sugarcane and sugar production. However, sugarcane was not available in Uttar Pradesh despite the SAP fixed by the Government being at Rs.140. The result was again underutilization of the plant capacities, though the industry recovered from the losses made in the recent past. Domestic sugar prices have continued to surge due to tightness of sugar supply. Due to drastic fall in production in Sugar Season 2008-09, the stocks to use ratio has come down to its lowest level in the last 50 years. As a result price of Sugar has risen from about Rs.1,750 per quintal in December, 2008 to about Rs. 3,000 per quintal in September, 2009. Sugar prices are expected to remain firm throughout 2010 due to expected lower production in 2010 also.

# Bajaj Hindusthan Sugar and Industries Limited

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Sugar Season 2009-10 is again likely to witness a poor sugarcane crop and the crisis with respect to procurement of sugarcane will continue. However, the government has allowed duty free import of raw sugar by sugar traders and manufacturers up to March, 2010. Accordingly, sugar manufacturers can import raw sugar and refine the same at their plant in addition to manufacturing sugar from sugarcane. This will ensure better utilization of the plant capacities and help the sugar mills to make adequate earnings to cover their fixed costs and also make some profits.

Anticipating huge import orders from India, International price of sugar has moved upwards. New York futures spiked to high seen in 28 years on speculative buying. It is expected that in short term the sugar prices in India will fall due to various Government initiatives to control inflation. However, in long term, the prices are expected to move upwards.

Non-disbursal of incentives by the State Government has been a matter of concern. The incentives are essentially a combination of cash disbursement and exemption of certain duties/ taxes imposed by the State. The exemption portion has been availed by the industry and State Government's attempt to enforce recovery thereof were litigated and decided in favor of the industry. However, cash disbursement by the State is still hanging and the State has not fulfilled its part of promise made at the time of attracting huge investment in sugar sector. Nonetheless, the industry is hopeful of succeeding in getting these disbursements with the intervention of Court in near future.

## Opportunities, Threats / Risks and Concerns

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

### 1. Uncontrollable risks

- 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 and
- iv) Unremunerative 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 are due to 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, Bajaj Hindusthan Limited & Bajaj Hindusthan Sugar and Industries Limited in aggregate have become the largest sugar producers 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 risk

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 risk

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 and
3. Management Bandwidth.

Selection of appropriate machinery and maintenance of the same is critical for continuous operations during the crushing season.

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 matter of conscious business strategy, the Company is progressively de-risking its sugar business with investments in distillery and Co-generation. As these new businesses are non cyclical, BHSIL is expected to generate steady cash flows year after year.

## Segment-wise / Product-wise Performance

Though Company has Distillery and co-generation as its segments, sugar remains the main product under review.

## Internal control systems and their adequacy

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

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

- To ensure strong internal control system to minimize the risk of accidental or deliberate errors & omissions, safeguarding of assets and compliance with internal operating policies and guidelines.
- To ensure critical examination and identification of weaknesses in the system and suggest measures to address them suitably.
- To ensure cost consciousness through pre audit & post audits.
- To ensure proper compliance of Standard Operating Procedures (SOPs) to achieve overall uniformity in operations and reporting across all the units.
- To ensure compliance of corporate policies and procedures in line with Delegation & HR manuals.
- To submit reports 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 summarized as under:

- Checking of Accounts vouchers on test check basis with respect to accounting treatment and approving authorities as per delegation manual.
- Checking the correctness of interest charged by banks on Cash Credit accounts.
- Availing of input CENVAT credit for service tax on bank charges.
- Checking of Excise and Service Tax Reconciliations for timely availing input credit in eligible cases.

## Bajaj Hindusthan Sugar and Industries Limited

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- Pre Audit of Purchase and Work orders issued from units & Post Audit at Corporate Head office.
- Verification of system of recording all incoming materials including freight incurred thereon, preparation of Goods Received Notes and other stores records.
- Physical verification of stores inventory & Fixed Assets items.
- Surprise check of Cane centers and records maintained thereat.
- Checking of safety measures and civic conditions of Sugar Godowns at Units.
- 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. As at September 30, 2009, the Company has 1,604 employees. The Company is committed to create an organization that nurtures the talents and enterprise of its people, helping them grow and find fulfillment in an open culture. Its growth strategies are based on a strong Human Resource (HR) foundation created through a judicious use of innovative and complementary HR processes and systems.

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

- Introduction of "Quality Circle" in all units to improve and maintain the quality, services, to reduce/eliminate defects, errors, wastage, enhance productivity, cost-effectiveness and safety.
- 5s practice was introduced in all units to improve and minimize search time.
- Need based training Programmes on safety, house keeping, fire fighting, communication skills, team building, etc.
- Recognition of long service.
- Induction Programmes for new employees.
- 360 degree performance Appraisal was introduced across the organization.
- Introduction of Budgetary Control.
- Executive health check-up.

The Company continued its programme of providing training to its workers with a view to improve efficiency, quality of products and avoid breakdowns in areas like SAP and ERP awareness, team building, workers' development program, behavioral / attitudinal training programmes for Executives and Managers, technical training programme for Engineers and Executives, Computer and IT related training programme, HR related training and workshop and training for Cane growers, etc.

### INFORMATION TECHNOLOGY

The Company has an integrated IT environment and it uses SAP R/3 version ECC 6.0 application to manage its real time information needs. Since it is highly flexible and scalable, ensures real time updating, provides for electronic documents and aides in control of their business.

Guidelines have been laid down for the employees using the Company's computing facilities, including SAP applications, computer hardware, printers, software, e-mail, internet and intranet access. A robust firewall has been implemented to protect company to risks of unauthorized access to data both for employees and outside world.

SAP R/3 is implemented using HP UNIX 11.i as the operating system and Oracle 10g as the Relational Database Management System (RDBMS). The Module implemented are Financial accounting, Controlling, Material management, Sales and Distribution, Project system, Quality Management, Plant Maintenance and Human Resource and development. Major benefits achieved are budgetary control, asset management, unification of activities such as common procurement, tax and excise returns.

The Company also uses AKSmake cane application to cater the requirement of cane procurement management system.

For decision making Company has implemented business intelligence tool of SAP.

**FINANCIAL ANALYSIS**

**Overview**

The Company has four sugar plants with the aggregate sugarcane crushing capacity of 40,000 TCD and a distillery of 160 kilolitres per day. The Company's co-generation plants have an aggregate power generation capacity of 88 MW.

**TABLE 1: Summarised Financial Results (Profit & Loss Account)**

Rs. million

Particulars	2008-09	2007-08
Sales and Other Income	<b>4,157.79</b>	3,021.69
Earnings before interest, depreciation and tax (EBIDTA)	<b>1,390.75</b>	(188.48)
Interest	<b>722.02</b>	472.49
Cash Profit	<b>668.73</b>	(660.97)
Depreciation	<b>802.08</b>	474.32
Profit/ (Loss) Before Tax	<b>(133.35)</b>	(1,135.29)
Current and Deferred Tax	<b>(44.06)</b>	(377.81)
Profit /(Loss) after Tax	<b>(89.29)</b>	(757.48)
Basic Earning per share (Rs.)	<b>(0.76)</b>	(7.31)
Diluted Earning per share (Rs.)	<b>(0.76)</b>	(7.31)

**Analysis of sales**

During the year, the Company sold 1,42,847 MT of sugar and 17,202 KL of Alcohol as compared to 153,555 MT of Sugar and 24,703 KL of Alcohol during the previous year. Appreciation in sales value was due to better sales realization.

Product-wise sales quantity, value and per unit realisation details are given in Table 2.

**TABLE 2: Sales revenue**

	Unit	2008-09			2007-08		
		Qty	Value Rs. Million	Realisation* Rs. per unit	Qty	Value Rs. Million	Realisation* Rs. per unit
Sugar	Tonnes	1,42,847	3,227.74	22,595.76	1,53,555	2,510.35	16,348
Alcohol	Kilolitres	17,202	415.70	24,165.53	24,703	539.60	21,844
Molasses	Tonnes	10,311	52.50	5092.10	35,313	155.47	4,402

\* Includes Excise Duty

Out of the total sales, approximately 10% of sugar quantity was sold to certain parties against permits issued by the Government and 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 to direct end-users. Ethanol sales were made to oil companies, who use it for blending with gasoline.

**Other Income**

Other income was at Rs.554.78 million during the year ended September 30, 2009 as compared to Rs.34.72 million during the previous year. The major components of other income was write back of provision for exchange fluctuation of Rs.374.61 million, write back of provision made in earlier years which are no longer required of Rs.106.28 million, scrap and store sales of Rs.67.53 million (Previous year Rs.27.14 million). The balance amount was miscellaneous receipts.

**Other expenses**

Other expenses during the year were Rs.394.02 million as compared to the last year figure of Rs.956.22 million. Decrease in other expenses was mainly on account of capitalization of Loss due to Foreign Exchange Fluctuation, Previous year expenses include foreign exchange loss amounting to Rs.633.38 million.

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

Improved EBIDTA margin in the year 2008-09 was mainly because of higher sales realization in current year.

## Bajaj Hindusthan Sugar and Industries Limited

### Interest

The Company during the year ended September 30, 2009 had an interest expense of Rs.722.02 million as compared to amount of Rs.472.49 million recorded during the previous year. Increase in the interest amount was mainly on account of charge of interest on ECB, FCCB & Holding Company's loan post capex to Profit & Loss Account.

### Depreciation

The depreciation charge for the year is at Rs.802.08 million as compared to the previous year figure of Rs.474.32 million. The increase was mainly due to commissioning of three new sugar plants at Kundarkhi, Rudauli & Utraula during the current year.

### Provision for Tax

Due to loss, no provision for income tax was made during the year.

### Balance sheet

The summarised Balance Sheet as at September 30, 2009 is as under:

**TABLE 3: Summarised Balance Sheet**

Rs. million

As at September, 30	2009	2008
<b>Sources of Funds</b>		
Shareholder's Funds		
Capital	<b>118.00</b>	118.00
Stock Options outstanding	<b>161.77</b>	161.77
Reserves and Surplus	<b>3,590.47</b>	3,649.88
Sub Total	<b>3,870.24</b>	3,929.65
Loan Funds	<b>10,462.20</b>	10,525.44
<b>Total</b>	<b>14,332.44</b>	14,455.09
<b>Application of Funds</b>		
Fixed Assets, Net Block	<b>13,253.59</b>	12,650.76
Investments	<b>0.01</b>	0.01
Deferred Tax (Net)	<b>595.45</b>	550.03
Current Assets, Loans & Advances	<b>2,703.21</b>	3,914.52
Less : Current Liabilities & Provisions	<b>2,751.25</b>	3,735.35
Net Current Assets	<b>(48.04)</b>	179.17
Profit & Loss Account	<b>531.43</b>	1,075.12
<b>Total</b>	<b>14,332.44</b>	14,455.09

### Share capital

During the year, Authorised Capital of the Company has been increased from Rs.400 million to Rs.1,000 million. There was no change in the paid-up Capital of the Company.

### Reserves and surplus

Deduction to Securities Premium represent Provision for Premium on redemption of Foreign Currency Convertible Bonds (FCCB).

### Secured loans

There was increase in term loans during the year on account of revalorization of respective ECB loan in line with the Accounting Standard AS – 11 "The Effects of changes in Foreign Exchange Rates" (Revised) issued by the Institute of Chartered Accountants of India. However the resulting net decrease is due to repayment of ECB and other secured loans.

### Unsecured loans

Increase in Unsecured loan was mainly on account of revalorization of respective FCCB loan in line with the Accounting Standard AS – 11 "The Effects of changes in Foreign Exchange Rates" (Revised) issued by the Institute of Chartered Accountants of India.

### Fixed assets

The increase in net fixed assets of Rs.1,403.34 million (including CWIP) was due to capitalization of an amount Rs.1,173.62 million towards exchange fluctuation loss on foreign currency loan. The Company's assets continued to be adequately insured against the risk of fire, riot and earthquake among other perils.

**Investments**

No change in the Investment made during the year as compared to the previous year.

**Inventories**

Sugar inventory at the end of the year was 26,334 MT as compared to 54,489 MT at the end of the previous period and Alcohol inventory at the end of the year was 4,139 kilolitres as compared to 1,031 kilolitres of the previous year. Molasses stock at the end of the year was 10,647 MTs as compared to the previous year figure of 7,958 MT. In view of expected volume growth, the inventory liquidation is monitored very closely.

**Debtors**

Efforts are being made to improve the debtor's turnover ratio of the Company.

**Contingent liabilities**

The status of contingent liabilities as at September 30, 2009 has been reviewed by the management and in view of a favourable legal position, no provision has been considered necessary. 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 for the Company. Continuous efforts are being made to ensure systematic indenting, procurement and crushing of cane. 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 industry. Though the current systems are adequate, as a matter of routine, these systems are being reviewed by the senior management team from time to time and corrective measures as required are taken to ensure smooth flow of cane supplies.

**OPERATIONS ANALYSIS**

**Sugar Division**

The Company has 4 sugar plants with the aggregate sugarcane crushing capacity of 40,000 TCD. The Company crushed 130.84 lakh quintals of sugarcane during the season 2008-09 as against 134.22 lakh quintals during the sugar season 2007-08. Production of sugar for the season 2008-09 was 11.49 lakh quintals as against 13.96 lakh quintals during the season 2007-08. The recovery during the season 2008-09 was 8.79% as compared to 9.75% during the season 2007-08.

Crushing details of plants during the year 2008-09 are given in Table 4.

**TABLE 4: Production Summary**

	<b>Season 2008-09</b>	Season 2007-08 *
<b>A) Pratappur Unit</b>		
Sugarcane crushed (Million Tonnes)	<b>0.19</b>	0.42
Recovery (%)	<b>9.20</b>	9.90
Sugar Production (Tonnes)	<b>17,662</b>	41,831
<b>B) Rudauli Unit</b>		
Sugarcane crushed (Million Tonnes)	<b>0.19</b>	0.40
Recovery (%)	<b>9.20</b>	9.12
Sugar Production (Tonnes)	<b>17,152</b>	36,235
<b>C) Utraula Unit</b>		
Sugarcane crushed (Million Tonnes)	<b>0.43</b>	0.28
Recovery (%)	<b>8.78</b>	10.04
Sugar Production (Tonnes)	<b>38,169</b>	28,200
<b>D) Kundarkhi Unit</b>		
Sugarcane crushed (Million Tonnes)	<b>0.49</b>	0.90
Recovery (%)	<b>8.49</b>	9.85
Sugar Production (Tonnes)	<b>41,881</b>	88,211
<b>Total</b>		
Sugarcane crushed (Million Tonnes)	<b>1.30</b>	2.00
Recovery (%)	<b>8.79</b>	9.75
Sugar Production (Tonnes)	<b>114,864</b>	194,477

(\*including Trial Run)

# Bajaj Hindusthan Sugar and Industries Limited

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## Distillery Division

The Company has a distillery at Rudauli having a capacity to produce Industrial Alcohol of 160 kilolitres per day.

During the year distillery division produced 20,399 kilolitres of industrial alcohol (including Ethanol) as against 24,229 kilolitres during the previous year. Sales aggregated at 17,202 kilolitres against 24,703 kilolitres in the previous year. In value terms, sale of industrial alcohol (including Ethanol) during the year 2008-09 was Rs.415.70 million as against Rs.539.60 million.

## Co-generation Division

The Company's 4 Co-generation plants have an aggregate installed power generation capacity of 88 MW.

During the year Co-generation division produced 37,242 MW power as against 44,564 MW during the previous year. Power sales aggregated 36,795 MW as against 44,542 MW in the previous year. In value term, sale of power made mainly to UPPCL and to a fellow subsidiary was Rs.66.99 million as against Rs.16.78 million in previous year.

## 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 Sugar & Industries Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgments used in preparation of these statements. The estimates and/ or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair picture of the state of affairs and loss 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.*

## DIRECTORS

Dr. Swatantra Singh Kothari and Mr. Rakesh Bhartia resigned from the Board on January 12, 2009 and April 22, 2009 respectively. The Board recorded its appreciation for the contribution made by Dr. Swatantra Singh Kothari and Mr. Rakesh Bhartia during their tenure of Directorships.

Mr. Pradeep Kumar Mittal and Mr. K.S. Vaidyanathan, Directors of the Company, will retire by rotation and being eligible, offer themselves for re-appointment. The Notice convening the Annual General Meeting includes proposals for re-appointment of Directors.

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.

## ENVIRONMENTAL PROTECTION AND POLLUTION CONTROL

Inception of EHS department as a small seed with the commencement of the company has matured to a tree resulting into safe environment to work for all the employees and communities living in surroundings.

Main endeavours of the EHS department were to incorporate integrated Environment, Health & Safety Management System (EMS) and Occupational Health and Safety systems all across the units to ensure that all activities which might have an impact on the Safety and Health of the people are carried out in a safe manner. For the implementation of integrated Environment Management System, pre assessment audit for certification of ISO 9001, 14001 & OHSAS 18001 for Rudauli sugar and distillery units were completed during the year. Pre assessment audit for certification of ISO 14001, OHSAS 18001 for Kundarkhi & Utraula sugar units was also completed whereas Pratappur sugar unit was certified for ISO 14001 & OHSAS 18001 during the year.

To achieve the target of zero injuries we take individual responsibility for the safety and health of ourselves, co-workers and our environment. We are having an active program in place to reduce the operational impact on the environment. We complied with Government environmental regulations, identified and addressed key environmental risks, improved environmental awareness of employees and contractors, reduced our use of resources apart from environmental performance measures such as energy usage, air emissions, water consumption and waste generation.

To ensure a zero discharge effluent industry Integrated Evaporation Treatment System is installed at Rudauli distillery wherein bio gas plant is also under installation after the Flubex system. Gas produced in the bio-gas plant will be used as fuel in the boiler. Installation of burner for utilisation of bio gas at Rudauli is also under process.

The treated effluent of bio-methanation is being used significantly for bio-composting process. Bio-composting is done in well designed compost yards by mixing press mud and treated effluents with a mechanized machine as per guidelines of the CPCB under Corporate Responsibility for Environmental Protection (CREP).

We have signed MoUs with major fertilizer companies to supply bio-compost which is being utilized by the farmers for improving soil health, fertility and productivity. Quality bio-compost manufactured at our Rudauli plant is being supplied to Eastern U.P. as well as to Bihar, West Bengal, Jharkhand, etc. states too. Also in order to cater the demand of the urban areas, we have planned to launch bio-compost in small packing.

Fly ash generated in the boilers during the process of power generation out of the bagasse has a high content of Potash. We are exploring the avenues to generate revenue through the effective utilization of the nutrient value of it. Many companies have shown an interest in this.

Multiple measures have been taken to minimise the emission of air pollutants. Processes having potential for particulate emissions are provided with Electrostatic precipitators (ESP) and Wet scrubbers. As a result of these initiatives, there has been a steady reduction in emissions.

Adequate attention is paid to fire prevention and protection and safety at different stages such as planning and designing, erection, commissioning, operation and shut-downs. We maintain low inventories of hazardous materials.

To prevent the fire accidents, we have developed work permit, standard operation procedures followed by training, house keeping, safety audits, regular drill and demonstration, apart from well designed fire protection systems, which are put in place. Additionally, teams of trained personnel operate fire control appliances across all manufacturing locations with personal protective equipment. Even the tractors or any other vehicles being utilized in hazardous areas is provided with a spark arrestor system.

Fire hydrants and fire-fighting networks protect all flammable chemical storages at all the plants. Certain storage tanks, like the molasses storage tank, are covered by water recirculation systems as an additional safety measure. The handling of hazardous chemicals is mainly through a piping and closed system which is handled by trained operators. The 'on-site' emergency plans are regularly updated.

Training of personnel is aimed to improve the performance of individuals and groups / teams. Special attention is given on Education, Development, and Job safety training programme.

We have developed an elaborated and strict system of inspection of the tankers transporting the Company's products to various parts of the country. Regular training programmes are conducted for the drivers and cleaners of the transport vehicles wherein training on the nature of the chemicals that they are transporting and safety measures to be adopted during transportation of such chemicals, including the Material Safety Data Sheet (MSDS), is imparted. Transporters are provided Transport Emergency (TREM) Cards with pictorial depiction for alcohol leaving the factory premises. These TREM cards - in English and Hindi - incorporate instructions to handle emergency situations during transit. Monitoring, coupled with regular intensive training has reduced the number of transportation-related incidents. We have also developed a TREM card for immediate response during transportation.

For improvement in the area of Safety we follow monthly internal safety audit & implementation of recommendations, Six-monthly external EHS audit by DNV & implementation of recommendations, Conducting internal & external training programmes on EHS, Six-monthly Mock Drill and implementation of its outcome.

To improve the efficiency we also conduct Root Cause Failure Analysis, Monthly audit on house keeping, Visible Management, Drill and Demonstration "on Site Emergency Plan" and application of Permit System for Hot work, Height Job, Confined Space entry, Digging work & Cold work.

The efforts made in the area of energy conservation have resulted in a significant decline in specific energy consumption in the manufacturing facilities, even as a Company sustains its effort towards a further reduction in energy consumption.

We have identified key areas of focus from the health perspective and are encouraging its facilities to develop initiatives to address them. The group is procuring portable and fixed-type work zone monitoring systems for all the distilleries to detect and measure the presence of organic vapours and other gases in the work zone atmosphere and take actions against any fugitive emissions.

Periodically, specialists from nearby cities are invited and health camps organised for both employees and their families. The Company's medical team is headed by an experienced and qualified Medical officer who is supported by medical staff.

Under the Kyoto Protocol, Company has identified Clean Development Mechanism (CDM), Chicago Climate Exchange (CCX) & Voluntary Carbon Standard (VCS) projects for bagasse based cogeneration plants in sugar units and biogas based power generation in distillery unit. Validation and verification of VCS project for Kundarkhi sugar unit are under progress.

We excel to develop an integrated Environment Health and Safety management system which become a land mark for others to follow ensuring the safety of all the concerned associated with us including community in vicinity.

# Bajaj Hindusthan Sugar and Industries Limited

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## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to 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 the preparation of the accounts for the year ended 30th September, 2009, the applicable accounting standards have been followed along with a proper explanation relating to material departures;
- (ii) that our Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (iii) that the Directors 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;
- (iv) that the Directors have prepared the annual accounts on a 'going concern' basis.

## CORPORATE GOVERNANCE REPORT

A report on Corporate Governance vide Clause 49 of the Listing Agreement with the Stock Exchanges, along with a certificate of compliance from the Company's Auditors is annexed and forms part of this Report.

## AUDITORS & AUDITORS' REPORT

M/s. Dalal & Shah, Chartered Accountants, existing Statutory Auditors will retire at the conclusion of the ensuing (39th) Annual General Meeting and have convened in writing their intention not to seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

Special Notice has been received by the Company from a member proposing the appointment of M/s. Chaturvedi & Shah as Statutory Auditors of the Company from conclusion of 39th Annual General Meeting till conclusion of 40th Annual General Meeting.

The Company has received certificates 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 Statutory Auditors of the Company.

The comments on the statement of account referred in the report of the Auditors are self explanatory and are explained in the notes to accounts.

## COST AUDITORS

M/s. B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai has been appointed as the Cost Auditors of the Company. Necessary application for government approval has been made by the Company.

## FIXED DEPOSITS

The Company has not accepted any deposits from members or employees.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure B attached hereto and forms part of this report.

## PARTICULARS OF EMPLOYEES

As required under the provisions of sub-section (2A) of Section 217 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 C attached hereto and forms part of this Report.

## INDUSTRIAL RELATIONS

The industrial relations have been cordial at the plants of the Company.

## ACKNOWLEDGEMENT

Your Directors express their appreciation of the sincere co-operation and assistance of state & central government authorities, bankers, customers and suppliers as well as all of the Company's employees & shareholders.

For and on behalf of the Board

**Bajaj Hindusthan Sugar and Industries Limited**

**Pradeep Parakh**  
Director

**Gautam Ashra**  
Director

Mumbai  
December 15, 2009

## Bajaj Hindusthan Sugar and Industries Limited

### Annexure A to Directors' Report for the year ended September 30, 2009

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

a) Options granted till date	11,00,000
b) Pricing formula	Fixed price of Rs.100/- per share of the face value of Rs.10/- each
c) Options vested	11,00,000
d) Options exercised as at September 30, 2009	2,10,000
e) The total number of shares arising as a result of exercise of option	Nil
f) Options lapsed as at September 30, 2009	2,45,000
g) Variation of terms of options	None
h) Money realized by exercise of options	Nil during the year.
i) Total number of options in force as at September 30, 2009	6,45,000
j) Employee-wise details of options granted during the year to:	
(i) senior managerial personnel.	(i) Nil
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	(ii) Nil
(iii) identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	(iii) Nil
k) Diluted Earnings per Share(EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earning per share'	(-) Rs.0.76
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 recognized if it had used the fair value of the options.	ii) Rs. 2.55 million
iii) The impact of this difference on profits and EPS of the Company.	iii) Had the Company followed fair value method for accounting of stock options, compensation expenses would have been lower by Rs.2.55 million and basic EPS would have been higher by Rs.0.03.
m) Weighted average exercise price and weighted average fair value of options	Rs.10/-
n) Description of the method and significant assumption used during the year to estimate the fair value of options:	Rs.322.18 is the fair value of the option calculated using Black Scholes option pricing formula. The variable used for the aforesaid calculation are as follows:
i) Risk free rate	i) 7.86%
ii) Expected life of options	ii) 4.5 years
iii) Expected volatility	iii) 119.30%
iv) Expected dividends	iv) 0%
(v) The price of the underlying shares in the market at the time of option grant	(v) Rs. 350.80

# Bajaj Hindusthan Sugar and Industries Limited

## Annexure-B to Directors' Report for the year ended September 30, 2009

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. Seven Nos. of 90 Tonne Per Hour high capacity pressure and high temperature boilers are installed.
2. One No. of 10 Mega Watt (MW) high pressure High Tension Turbo Alternator Set and One No. of 3 Mega Watt high pressure & Low Tension Turbo Alternator Set are installed.
3. Efficient Juice evaporation system has been installed.
4. Variable speed Domestic Current (DC) motor at Mills and High Tension motors at Fibrizer have been installed.
5. Planetary drivers are installed at Mills & in Boiling House.
6. Variable DC drives motors are installed at milling tandems for better efficiency.
7. Automation is done at Milling & Boiler plant for energy consumption.
8. High Pressure Sodium vapour lamps/ Compact Fluorescent lamps/tube lights have been fitted which has reduced energy consumption.
9. Automation of Superheating control system and at Milling & Broiler plants.
10. Four Power Turbines with aggregate generation capacity of 43 Mega Watt Back Pressure/ Condensing cum Extraction with High Tension Alternator sets have been installed.
11. Additional Power Capacitors in the Power houses have reduced power consumption.
12. Upgradation of automation at Mills and boiler to improve efficiencies.
13. Big sized motors have been installed in place of small sized motors to improve efficiencies.
14. Variable frequency drivers have been installed at most of the conveyors and pumps.

### B. Technology absorption

Syrup Clarification System/Filtrate Clarification System and Melt Clarification System have been installed for better clarification.

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

### C. Foreign exchange earnings and outgo

- a) Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services, and export plans: None as there were no exports during the year.
- b) Total foreign exchange used and earned.

	Year ended September, 30 2009 (Rs. Million)	Year ended September, 30 2008 (Rs. Million)
Used	677.72	27.74
Earned	Nil	Nil

### FORM – A

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

		Year ended September 30, 2009	Year ended September 30, 2008
<b>A. Power and Fuel Consumption:</b>			
Electricity			
a) Purchased			
Unit	000' KWH	10,008.36	231.46
Total amount	Rs. Million	49.99	1.03
Rate / Unit	Rs./KWH	5.00	4.38
b) Own generation through diesel generator			
Unit	000' KWH	2,385.22	2,769.55
Unit per litre of Diesel Oil	KWH/LTR	3.07	3.10
Total amount	Rs. Million	26.58	30.76
Rate / Unit	Rs./KWH	10.94	11.11
c) Own generation through steam turbine			
Unit	000' KWH	73,176.24	79,387.55
Total amount	Rs. Million	Not applicable as	Not applicable as
Rate / Unit	Rs./KWH	steam is generated by	steam is generated by
		use of own bagasse	use of own bagasse
Exported Power	000' KWH	23,820.45	7,091.46
Total amount	Rs. Million	91.83	22.05
Rate / Unit	Rs./KWH	3.86	3.11
<b>B. Consumption per unit of production:</b>			
Electricity (KWH / Quintal of sugar)		48.46	30.36

**Note:** Unit consumed out of steam turbine generation for sugar production is 21,632 (000' KWH).

**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 2008-2009 were accelerated as under:

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

- a) Micro propagation of sugarcane seeds through Hessian bag single bud tillering process.
- b) Multiple ratooning.
- c) Frontline demonstrations on various techniques of sugarcane production.
- d) Bio-manure production
- e) Thermo-therapy of sugarcane through Moist Hot Air Treatment (MHAT) plant.
- f) Multiplication of high sugared varieties
- g) Mechanization of sugarcane planting, inter-culture operation and fertilizer application
- h) Replacement of old and deteriorating varieties with new high yielding ones.
- i) Adoption of mixed cropping pattern with sugarcane.

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

- a) Increase in yield of sugarcane crop resulted in higher availability of raw materials.
- b) Incidence of pest and disease minimised to produce healthy crops.
- c) Several new high sugared varieties introduced and seed material delivered to the farmers for seed multiplication and commercial cultivation.
- d) Reduction in cost of fertilizer applications by using organic manure and bio-fertilizers to cane growers.
- e) Supply of early maturing varieties increased in all the plants.
- f) Large number of farmers adopted improved cultural practices as a result of extension services by the Company.
- g) Irrigation facilities increased in the area.
- h) Minimizing wastage of water - thus saving water and electricity

**3. Future plan of actions**

- a) Replacement of old and deteriorating varieties with new and high yielding ones.
- b) Technology development for low-lying water logged areas.
- c) Mechanization of sugarcane planting, inter-culture operations and fertilizer application.
- d) Integrated nutrient management studies by providing soil lab
- e) Wider use of organic manure.
- f) Development of drainage system for drainage of rain and flood water.
- g) Development of link road.
- h) Reduction in transportation cost of cane by increasing cane intensity in the Gate area.
- i) Integrated pest management by establishing Biological lab and adoption of tissue culture system for rapid multiplication of seed material.
- j) Regular village Meetings /Training Program to educate the cane growers.
- k) Replacement of old planting technique.
- l) Two Computerized offices connected with networking system.

**4. Expenditure on R&D**

For the year ended	Year ended September 30, 2009 (Rs. Million)	Year ended September 30, 2008 (Rs. Million)
a) Capital	Nil	Nil
b) Recurring	Nil	Nil
c) Total	Nil	Nil
d) Total R & D expenditure on a percentage of total turnover	N.A.	N.A.

**B. Technology absorption, adaptation and innovation**

1. Efforts in brief, made towards technology absorption, adaptation and innovation: Not Applicable
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, area where this has not taken place, reason therefore, and future plans of action : Not Applicable

## Bajaj Hindusthan Sugar and Industries Limited

### Annexure - C to the Directors' Report for the year ended September 30, 2009

#### Particulars of Employees as required under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name of Employee	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Age (years)	Experience (No. of years)	Date of Commencement of employment	Particulars of previous employment
1	2	3	4	5	6	7	8	9
<b>A. Employee employed throughout the financial year and who was in receipt of the remuneration for that financial year in the aggregate of not less than Rs.24,00,000 per annum.</b>								
1	Mr. R. K. Agarwal	Vice President (Engineering) Unit Head	37,55,720	Diploma (Mech.)	62	35	10/05/2005	The Oudh Sugar Mills Ltd.
<b>B. Employees employed for a part of the financial year and who were in receipt of the remuneration for that financial year at a rate not less than Rs.2,00,000 per month.</b>								
1	Mr. P. C. Bansal	Vice President (Zonal Head)	12,99,676	B.Sc., BE Mech.	65	39	14/04/2009	Akbarpur Chini Mills
2	Dr. Sukhbir Singh Malik	Sr. Vice President (Unit Head)	18,11,391	M.Sc. (Botany), PHD Sugar Cane	54	32	30/03/2009	Balrampur Chini Mills Ltd.

#### Notes:

1. Remuneration includes Salary, bonus, allowances, Company's contribution to Provident Fund, Superannuation etc., taxable value of other perquisites and terminal benefits as may be applicable.
2. None of the above employees are related to any Director or Manager of the Company.

## CORPORATE GOVERNANCE REPORT

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

### Company's philosophy on code of corporate governance

We in Bajaj Hindusthan Sugar and Industries Ltd. (BHSIL) follow the best corporate governance practices aimed at maximising value for shareholders, while ensuring fairness to all segments of stakeholders - customers, employees, investors, vendors, State and Central Government and society at large. Ensuring total transparency in operations and inspiring the confidence and trust of stakeholders in the way we manage the company are of paramount importance to us in BHSIL. Both the promoters and managers at BHSIL constantly strive to function as sacred trustees on behalf of every shareholder, large or small. For BHSIL, corporate governance is basic to the corporate conduct of business. The traditional values of honesty, integrity, customer-orientation and an abiding commitment to service have struck deep roots across the organisation.

With globalisation, economies around the world are now integrating ever faster. Global capital today is free to move wherever the regulatory environment guarantees the safety and security of investments, and where the economic, political, legal and judicial systems are stable and sound. A company that follows the highest degree of transparency and the best principles of corporate governance will therefore irresistibly attract world-class investors. India's attraction as an investment destination will be significantly enhanced by the macro-economic melt-down in the developed western economies.

A good and visionary leadership is critical to the practice of good corporate governance. Top Management in BHSIL consistently strive to dare, dream big and make sacrifices. They are people of impeccable integrity who are committed to certain basic values in the management of business and are prepared to walk the talk. Good corporate governance standards have enabled BHSIL build and sustain its reputation for quality and also attract and retain the best and brightest talents. The cyclical nature of our major sugar business is well understood by our investors. They know that there will be boom times and there will be lean times. We at BHSIL constantly endeavor to communicate clearly and completely with them. We strive to be open and honest with them in all our dealings.

The philosophy and practice of Corporate Governance in Bajaj Hindusthan Sugar and Industries Ltd. is reflected in the following principles and policies followed by the Company management:

- Compliance beyond just the letter of the law, but reaching out in the true spirit of the law.
- The protection of the rights and interests of all stakeholders.
- Equality in treating all shareholders – the organisation is always keenly conscious of its role as a trustee of shareholders capital.
- Transparency in all business dealings and transactions.
- Timely disclosure of all relevant and accurate information.
- Truthful internal and external communication.
- Clear distinction between personal conveniences and corporate resources.
- Strategic guidance and effective monitoring by the Board of Directors.
- The accountability of the Board of Directors to the Company and its shareholders.

### I. Board of Directors

#### Composition

The Board of the Company consists of six directors. None of the directors are executive directors. Three out of the six directors belong to the promoter group.

According to Clause 49 of the Listing Agreement, if the Chairman is a non executive Chairman, at least one third of the Board should comprise of independent directors.

In the case of Bajaj Hindusthan Sugar and Industries Ltd., all its directors are non-executive and Three directors are independent directors, which is equal to half of the total size of the Board. The Board of Directors of Bajaj Hindusthan Sugar and Industries Ltd. therefore, has a healthy blend of non-executive and independent directors and consequently ensures the desired level of independence in functioning and decision-making. 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. Thus the composition of the Board is in line with the requirement of the Corporate Governance code under the Listing Agreement (See Table 1).

## Bajaj Hindusthan Sugar and Industries Limited

**TABLE 1: Composition of the Board of Directors during 2008-09**

Name	Position	Age (yrs)	Directorship tenure	Relationship with other Director
Mr.Kushagra Bajaj	Promoter, Chairman, Non Executive	32	3 years 4 months	—
Dr.Swatantra Singh Kothari (upto January 11, 2009)	Independent, Non Executive	79	33 years 11 months	—
Mr.Pradeep Kumar Mittal	Independent, Non Executive	56	2 years 5 months	—
Mr.Purshottam L. Dadheech	Independent, Non Executive	65	3 years 4 months	—
Mr. Gautam Ashra	Independent, Non Executive	52	2 years	—
Mr. Rakesh Bhartia (upto April 21,2009)	Non Executive	40	1 year 9 months	—
Mr. K.S.Vaidyanathan	Non Executive	70	2 years 2 months	—
Mr. Pradeep Parakh	Non Executive	42	4 years	—

### Outside directorship and membership of Board Committees

Every Director of the Company has informed the Company about the Committee positions across all the Companies in which he is a Director. Every Director of the Company also annually informs the Company about the Committee position he occupies in other Companies and notifies changes as and when they take place.

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

**TABLE 2: Directorship in other companies/committee position as at September 30, 2009**

Name	Directorship In all other companies	Committee Membership			Committee Chairmanship		
		In listed public companies	In unlisted companies	Total	In listed public companies	In unlisted companies	Total
Mr. Kushagra Bajaj	4	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Swatantra Singh Kothari (upto January 11, 2009)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Pradeep Kumar Mittal	2	1	Nil	1	Nil	Nil	Nil
Mr. Purshottam L. Dadheech	2	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Gautam Ashra	3	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Rakesh Bhartia (upto April 21,2009)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. K. S. Vaidyanathan	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Pradeep Parakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- Private Limited companies, foreign companies and companies under Section 25 have been excluded for the purposes of calculating directorship and committee position.
- Memberships in only Audit Committee and Shareholders' Grievances Committee have been considered for committee positions as per the Listing Agreement.

None of the directors of Bajaj Hindusthan Sugar and Industries Ltd. is a member in more than 10 committees and is not a Chairman in 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 by shareholders. All the directors of Bajaj Hindusthan Sugar and Industries Ltd. are such retiring directors.

## Pecuniary relationship and transactions of non-executive directors with Bajaj Hindusthan Sugar and Industries Ltd.

The register of contracts maintained by the Company according to the provisions of Section 301 of the Companies Act, 1956, contains records of the transactions entered into with the Company, which are the contracts or arrangements in which directors are interested. The register is signed by all the Directors present during the respective Board Meetings held from time to time.

### Board procedures

#### Board Meetings

During the financial year 2008-09, the Board met 6 times. (See Table 3)

**TABLE 3: Board Meeting dates**

Date of Board Meeting	Duration of gap from previous Board Meeting	Maximum gap permitted as per Clause 49
20/12/2008	90 days	120 days
30/01/2009	40 days	
20/02/2009	20 days	
24/04/2009	62 days	
29/07/2009	95 days	
14/09/2009	46 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. The dates of the meetings were decided well in advance.

#### Attendance record of directors

The details of attendance record of directors in the 6 Board meetings held during the financial year 2008-09 and at the previous annual general meeting held on March 26, 2009 are given in Table 4.

**TABLE 4: Attendance record of directors in the Board Meetings during 2008-09 and at the previous AGM.**

Name	Position	Number of Board Meetings held	Number of Board Meetings attended	Whether attended previous AGM on March 26, 2009
Mr. Kushagra Bajaj	Promoter, Chairman, Non Executive	6	2	No
Dr. Swatantra Singh Kothari (upto January 11, 2009)	Independent, Non Executive	1	0	No
Mr. Pradeep Kumar Mittal	Independent, Non Executive	6	4	No
Mr. Purshottam L. Dadheech	Independent, Non Executive	6	2	No
Mr. Gautam Ashra	Independent, Non Executive	6	5	Yes
Mr. Rakesh Bhartia (upto April 21, 2009)	Non Executive	3	2	No
Mr. K. S. Vaidyanathan	Non Executive	6	4	Yes
Mr. Pradeep Parakh	Non Executive	6	6	Yes

#### Code of Conduct

The Board has laid down a code of conduct for all board members, senior management of the Company and professionals serving in the roles of finance, tax, accounting, purchase, treasury, internal audit, financial analyst and investor relations. The code has been posted on the website of the Company viz. [http:// www.bajajhindusthansugar.com](http://www.bajajhindusthansugar.com). All the Board members and senior management personnel of the company affirm compliance with the code on an annual basis. The annual report of the Company also contains a declaration to this effect signed by the Chairman.

#### Information supplied to the Board

The Board of Bajaj Hindusthan Sugar and Industries Ltd. has complete access to any information within the Company and to any employee of the Company. The Board Meetings are a platform, utilized to deliberate with the various strategies 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 and financial performance statistics

## Bajaj Hindusthan Sugar and Industries Limited

- (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 and compensation, shareholders'/investors' grievance and management committees as well as the abstract 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) Fatal or serious accidents or mishaps, any material effluent or pollution problems, if any
- (xiii) Details of foreign exchange exposure and steps taken by management to limit the risk of adverse rate movement
- (xiv) Details of acquisition plans
- (xv) Information technology strategies and related investments
- (xvi) Legal compliances reporting system and
- (xvii) Insider trading related disclosure procedures and such other matters.

The Board periodically reviews compliance reports of all laws applicable to the Company and deliberate the steps taken to rectify instances of non-compliances.

### Board Committees

Currently, the Board has 4 committees (See Table 5)

**TABLE 5: Board Committees as on September 30, 2009**

Committee	Members (Position)
Audit Committee	Mr. Gautam Ashra, Chairman of the Committee, Independent, Non Executive Mr. Purshottam L. Dadheech, Independent, Non Executive Mr. Pradeep Kumar Mittal, Independent, Non Executive Mr. Pradeep Parakh, Non Executive
Remuneration and Compensation Committee	Mr. Purshottam L. Dadheech, Independent, Non Executive Mr. Pradeep Kumar Mittal, Independent, Non Executive Mr. Gautam Ashra, Independent, Non Executive
Shareholders'/Investors' Grievance Committee	Mr. Pradeep Parakh, Chairman of the Committee, Non Executive Mr. Kushagra Bajaj, Promoter, Chairman, Non Executive Mr. Gautam Ashra, Independent, Non Executive
Management Committee	Mr. Kushagra Bajaj, Promoter, Chairman, Non Executive Mr. Pradeep Kumar Mittal, Independent, Non Executive Mr. K. S. Vaidyanathan, Non Executive Mr. Pradeep Parakh, Non Executive

The Board is responsible for the constituting, assigning, co-opting and fixing of terms of service for committee members of various committees. The Chairman of the Board, in consultation with the Company Secretary of the Company and the committee Chairman, determines the frequency and duration of the committee meetings.

Recommendations of the committees are submitted to the Board for approval. The quorum for meetings is either two members or one-third of the members of the committees, whichever is higher. In case of all the above committees of Bajaj Hindusthan Sugar and Industries Ltd., two members constitute the quorum.

**II. Audit Committee**

**Constitution and composition**

The Audit Committee in Bajaj Hindusthan Sugar and Industries Ltd. was constituted on February 26, 2003. The scope and terms of reference and working of the Audit Committee is constantly reviewed and appropriate changes are made from time to time for greater effectiveness of the committee. Committee comprises of four Directors and three of them are independent members. Mr. Gautam Ashra, Chairman of Audit Committee is an independent director. The Chairman of Audit Committee was present at the 38th Annual General Meeting of the Company to answer shareholder queries. Presently, this confirms to the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, the Audit Committee was provided with the following information which was reviewed:

- i) Management, Discussion and Analysis of the financial condition and results of operations.
- ii) Statement of significant related party transactions submitted by management.
- iii) Internal Audit reports related to internal control weaknesses.
- iv) Recommending the Board about appointment and terms of remuneration of Statutory Auditors and Cost Auditors of the Company.

There was no occasion for the Audit Committee to review letters of internal control weaknesses issued by Statutory Auditors of the Company.

**Meetings, attendance and topics discussed**

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

- December 12, 2008
- January 30, 2009
- February 20, 2009
- April 24, 2009
- July 29, 2009
- September 14, 2009

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

**TABLE 6: Attendance record at the meetings of the Audit Committee of Directors during 2008-09**

Name of Committee members	Position	Number of Meetings held	Number of Meetings attended
Mr. Gautam Ashra	Chairman of the Committee Independent, Non Executive	6	5
Dr. Swatantra Singh Kothari (upto January 11, 2009)	Independent, Non Executive	1	0
Mr. Pradeep Kumar Mittal	Independent, Non Executive	6	4
Mr. Purshottam L. Dadheech (appointed w.e.f. January 30, 2009)	Independent, Non Executive	4	2
Mr. Pradeep Parakh	Non Executive	6	6

All the above members possess sound knowledge of accounts, audit and financial management expertise.

Mr. Kushagra Bajaj, Chairman is a permanent invitee to the Audit Committee meetings. In addition, the head of the Finance and Internal Audit function, representatives of statutory auditors and other executives as are considered necessary, generally attended these meetings. The Company Secretary acted as the Secretary to the Audit Committee.

The term of reference of Audit Committee are quite comprehensive and include all that is mandated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The committee focused its attention on overseeing and monitoring the financial reporting system within the Company, considering quarterly, half-yearly and annual financial results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, review of annual budgets, annual internal audit plans, legal compliance reporting system, implementation of the Enterprise Resource Planning (ERP) package, review of internal control system, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy. 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

## Bajaj Hindusthan Sugar and Industries Limited

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 and Compensation Committee

The Remuneration and Compensation Committee was constituted on May 20, 2004 with the following terms of reference:

- To approve the remuneration payable to all managerial personnel (under the Companies Act, 1956) including the executive directors.
- To formulate and administer Employee Stock Option plans, evaluate and grant options to the selected employees under PSIL ESOS 2006.

The Remuneration and Compensation Committee did not meet during the year under review.

### Remuneration to Directors

#### Remuneration of Non-executive Directors

Upto March 26, 2009 Non-executive directors were paid a sitting fee of Rs.500/- per meeting for every meeting of the Board or Committee attended by them. After March 26, 2009, Non Executive Directors were paid a sitting fee of Rs.10,000/- per meeting for attending Board meetings and Rs.5,000/- per meeting for attending any Committee meetings.

#### Remuneration policy

At present, the Company does not have any executive director. Non-executive directors are being paid sitting fees. They are also entitled to commission as decided by the Board of Directors from time to time not exceeding 1% of the net profits of the Company. During the year 2008-09, no such commission was paid to them. The Board of Directors of the Company had granted 11,00,000 options to the eligible employees of the holding company during the previous year. None of the Directors were granted stock options as a part of their remuneration. During the year under review, none of the directors were paid any performance-linked incentive and the Company did not advance any loans to any of its directors.

The Remuneration and Compensation Committee is empowered to determine/approve the remuneration of managerial personnel including whole-time directors, managing directors and manager after taking into account the financial position of the Company, trend in the industry, qualifications, experience, past performance, past remuneration etc.

The details of sitting fee paid to non-executive directors during financial year 2008-09 are provided in Table 7.

**TABLE 7: Details of sitting fee paid to non-executive Directors during financial year 2008-09**

Name of Directors	Sitting fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kushagra Bajaj	21000	0	21000
Dr. Swatantra Singh Kothari	0	0	0
Mr. Pradeep Kumar Mittal	32000	0	32000
Mr. Purshottam L. Dadheech	16000	0	16000
Mr. Gautam Ashra	47000	0	47000
Mr. Rakesh Bhartia	1500	0	1500
Mr. K. S. Vaidyanathan	21000	0	21000
Mr. Pradeep Parakh	49000	0	49000

### Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was constituted on February 26, 2003 by the Board for a speedy disposal of all grievance/complaints relating to shareholders/Investors.

Presently, the Committee consists of the following members:

Mr. Pradeep Parakh

Mr. Kushagra Bajaj

Mr. Gautam Ashra

Mr. Pradeep Parakh, Non Executive Director of the Company is Chairman of the Committee.

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

Mr. Chandresh Chhaya, Manager and Company Secretary has been designated as Compliance Officer of the Company. During the year under review, 15 complaints were received from shareholders/investors, all of which were replied/ resolved to the satisfaction of the shareholders/investors.

### Meetings and attendance

During the year under review, the Shareholders'/Investors' Grievance Committee met once on November 6, 2008.

The attendance of each Committee Member is given in Table 8.

**TABLE 8: Attendance record at the meetings of the Shareholders'/Investors' Grievance Committee of Directors during financial year 2008-09**

Name of Committee members	Position	Number of Meetings held	Number of Meetings attended
Mr. Kushagra Bajaj	Promoter/Non Executive	1	1
Mr. Rakesh Bhartia (upto April 21, 2009)	Non Executive	1	1
Mr. Pradeep Parakh	Non Executive	1	1

### III. Subsidiary Companies

At present the Company has no subsidiary company. Accordingly, the following requirements are not applicable:

1. Appointing at least one independent director on the Board of Directors of the materially Indian unlisted subsidiary;
2. Review of Financial statements particularly investments made by unlisted subsidiary company;
3. Placing the minutes of the Board meeting of the unlisted subsidiary company at the Board meeting of the holding company and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

### IV. Disclosures

- A) A statement summary form of transactions with Related Parties in the ordinary course of business was placed before Audit Committee during the year. There were no transactions of material value with related parties viz. promoters, directors or the management, their subsidiaries or relatives having potential conflict with interests of Company. Transactions with the related parties are disclosed in Note No.6 of Schedule 16 to the accounts for the year ended September 30, 2009.
- B) The Company follows Accounting Standards referred in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
- C) The Company has laid down the procedures about Risk Assessment and Minimisation and the same has been informed to the Board. These procedures are periodically reviewed to ensure that the Executive Management controls risk through means of a properly defined framework.
- D) During the year under review, the Company has not raised fresh funds through Public/ Rights/ Preferential issue of equity shares. Hence disclosure requirement to Audit Committee regarding the uses/application of funds is not applicable.
- E) There were no material individual transactions with related parties or other, which are not on an arm's length basis. Hence the disclosure regarding such transactions alongwith Management's justification for the same to the audit committee are not applicable.

The Company publishes its criteria of making payment of sitting fee/remuneration to its non-executive Directors in the annual report.

None of the non-executive Directors of the Company except Mr. Pradeep Parakh holds any equity share / convertible instruments in the Company. Mr. Pradeep Parakh holds 5,000 equity shares of the Company. A new appointee on the Board discloses his shareholding in the Company prior to his appointment. These details are also disclosed in the notice to the general meeting called for the appointment of Directors.

During the last three years, there were no penalties or strictures imposed by either SEBI or the Stock Exchange or any Statutory authority for non-compliance of any matter related to the capital markets.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. Compliance of the non-mandatory requirements of this clause has been detailed as below.

- i) The Company does not maintain Chairman's office for its non-executive Chairman at its expense and the Company does not provide reimbursement of expenses incurred in performance of his duties.
- ii) There is no restriction as regards tenure of office of independent Directors of the Company.
- iii) The Company has complied with non-mandatory requirement of Remuneration Committee and Chairman of the Committee is an independent Director. It has three Directors and all of them are non-executive Directors.
- iv) The Company does not send a half yearly declaration of the financial performance including summary of significant events in last six months to each household of shareholders.

## Bajaj Hindusthan Sugar and Industries Limited

- v) The Company constantly strives for unqualified report from statutory auditors on financial statements.
- vi) Whistle Blower Policy exists in the Company and it is hereby affirmed and confirmed that no personnel has been denied access to the Audit Committee.

### Means of Communication

The Company has published its quarterly, half-yearly and annual results in all the editions of The Economic Times (English) and Mumbai Lakshadeep (Vernacular), Mumbai. Quarterly results was sent to the Stock Exchange immediately after the Board approved them. The financial results and other relevant information are regularly and promptly updated on the website of the Company <http://www.bajajhindusthansugar.com>. No presentations were made to institutional investors or to the analysts during the year under review.

### Shareholder Information

#### Information on general body meetings

Date, Time and Venue of 39th AGM : Wednesday, March 17, 2010 at 11.00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

The last three Annual General Meetings (AGM) of the Company were held on the following date, time and venue (See Table 9).

**TABLE 9: Date, Time and Venue of Annual General Meetings held**

AGM	Day, Date & Time	Venue
36th AGM	Thursday, March 29, 2007 at 11.00 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.
37th AGM	Saturday, February 23, 2008 at 11.00 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.
38th AGM	Thursday, March 26, 2009 at 11.00 A.M.	Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.

No special resolution was passed at the previous (38th) Annual General Meeting of the Company.

**TABLE 10: Financial calendar**

Financial Year 2009-10	October 1, 2009 to September 30, 2010
Audited Annual Results for the year ended September 30, 2009 :	Second week of December, 2009
Mailing of Annual Report :	First week of February, 2010
Unaudited first quarter financial results :	Last week of January, 2010
Unaudited second quarter financial results :	Last week of April, 2010
Unaudited third quarter financial results :	Last week of July, 2010

### Dividend announcement

The Board of Directors of the Company has not recommended any dividend for the financial year 2008-09.

Dates of book closure: March 15, 2010 to March 17, 2010 (both days inclusive)

Date of dividend payment: Not applicable

### Unclaimed dividends

Unclaimed dividend upto 1994-95 were 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, Everest 100, Marine Lines, Mumbai – 400 002.

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, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund (the fund) set up by the Central Government.

Accordingly, unpaid / unclaimed dividends for the years 1997-98, 1998-99 and 2000-01 were transferred by the Company to the said fund in 2005, 2006 and 2009 respectively. No claims shall lie thereafter against the fund or the Company in respect of such amounts transferred. The Company has not declared any dividend on equity shares for the years 2001-02 till 2007-08.

## Information on Directors being appointed/re-appointed

Mr. Pradeep Kumar Mittal and Mr. K. S. Vaidyanathan will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

The brief profiles of Mr. Pradeep Kumar Mittal and Mr. K. S. Vaidyanathan along with particulars of their directorship and committee memberships are given in the note no.8 to the notice convening Annual General Meeting.

## Listing on stock exchanges and stock code

The Company's equity shares are listed and traded on the following stock exchange (See Table 11):

**TABLE 11: Listing and Stock Code**

Name	Address	Stock Code
Bombay Stock Exchange Ltd. (BSE)	Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	507500

The ISIN Number of Company's Equity Shares (of face value of Re.1/- per share) for NSDL & CDSL: INE327E01029

Company has paid listing fees for the Financial Year 2008-09 to BSE where its securities will continue to remain listed.

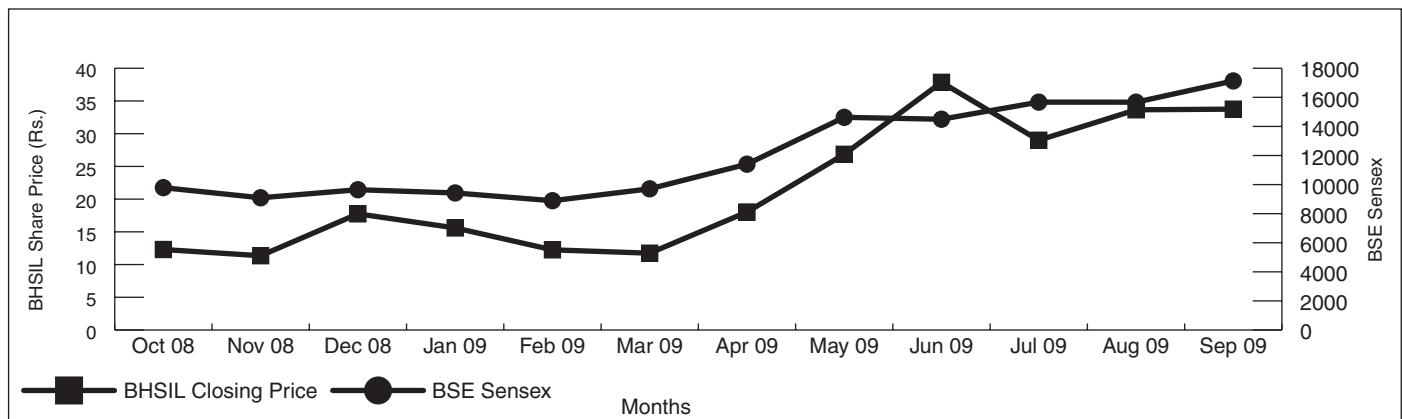
## Market price data of Equity Shares

**TABLE 12: Monthly high/low Market Price of Equity Shares of Bajaj Hindusthan Sugar and Industries Ltd. during financial year 2008-09**

Month	Quotation at Bombay Stock Exchange Ltd., Mumbai		
	HIGH (FV Re.1)	LOW (FV Re.1)	CLOSING (FV Re.1)
October, 2008	26.95	9.85	12.30
November, 2008	14.95	11.00	11.35
December, 2008	17.75	10.11	17.75
January, 2009	22.50	14.30	15.60
February, 2009	16.05	11.50	12.25
March, 2009	13.50	10.11	11.74
April, 2009	19.89	11.60	18.03
May, 2009	26.85	18.10	26.85
June, 2009	42.95	27.15	37.85
July, 2009	39.75	26.50	29.00
August, 2009	39.45	28.00	33.65
September, 2009	37.90	32.20	33.75

The comparable movements of Bajaj Hindusthan Sugar and Industries Ltd.'s shares against the broad based index namely BSE Sensex, during the year ended September 30, 2009 is depicted in Chart A.

**CHART A: Relative Performance of Bajaj Hindusthan Sugar and Industries Ltd.'s shares versus BSE Sensex**



# Bajaj Hindusthan Sugar and Industries Limited

## Registrar and Transfer Agent

Bajaj Hindusthan Sugar and Industries Limited has appointed Link Intime India Private Limited at its Registrar and Share Transfer Agents. All work relating to physical transfer, transmission, splitting of share certificates, dematerialisation and rematerialisation is undertaken by the share transfer agent of the Company. The investors may lodge their request for share transfers, transmission, change of address etc. in respect of their holdings in physical form at any of the following addresses:

Link Intime India Private Limited C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel.: 022-25963838 Fax: 022-25946969 E-mail: isrl@intimespectrum.com	Link Intime India Private Limited 203, Davar House, 197/199, D. N. Road, Mumbai 400 001 Tel.: 022-22694127
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## Share transfer system

Requests for Share transfers received by the Company/Registrars 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 equity shares transferred in physical category during the year 2008-09 was 29,860.

## Distribution of shareholding

The distribution of shareholdings of equity shares of the Company as at September 30, 2009 is given below (See Table 13):

**TABLE 13: Distribution of shareholdings of equity shares of the Company as at September 30, 2009**

Sr. No.	Share Holding of Nominal Value (Rs.)	No. of Share-Holders	% of Total Holders	Share Amount (In Rs.)			Total Share Amount (Rs.)	% of Equity
				Physical	NSDL	CDSL		
1	Upto 5000	3908	95.86	1770012	1450102	483475	3703589	3.14
2	5001 - 10000	84	2.06	132900	367512	132188	632600	0.54
3	10001 - 20000	44	1.08	106000	379540	167025	652565	0.55
4	20001 - 30000	12	0.29	24000	243658	21684	289342	0.24
5	30001 - 40000	3	0.07	0	102804	0	102804	0.09
6	40001 - 50000	3	0.07	0	46000	90933	136933	0.12
7	50001 - 100000	7	0.17	0	409503	79959	489462	0.42
8	100001 and above	16	0.40	120000	96300508	15572197	111992705	94.90
	Grand-Total	4077	100.00	2152912	99299627	16547461	118000000	100.00

## Shareholding pattern

Table 14 gives the shareholding pattern of the Company as at September 30, 2009.

**TABLE 14: Shareholding pattern as at September 30, 2009**

Category	No. of Shares	Percentage	Total No. of Shares	Percentage
<b>A. Promoters' Holding</b>				
1. Indian Promoters				
Bajaj Hindusthan Limited	88500000	75.00		
2. Foreign Promoters	--	--		
Sub-Total (A)			88500000	75.00
<b>B. Non-Promoters' Holding</b>				
Public Shareholding:				
Mutual funds / UTI	32000	0.03		
Financial Institutions / Banks	2000	0.00		
Bodies Corporate	12458156	10.56		
Trusts	8901001	7.54		
Directors & their Relatives	5000	0.01		
Clearing Members	3568	0.00		
Individuals	7802618	6.61		
Hindu Undivided Families	108758	0.09		
The Official Liquidator, High Court of Andhra Pradesh-A/c. Asia Pacific Investment Trust Ltd. (In Liquidation)	120000	0.10		
NRIs / OCBs	66899	0.06		
Sub-Total (B)			29500000	25.00
GRAND TOTAL (A) + (B)			118000000	100.00

## Dematerialisation of shares

As on September 30, 2009, 11,58,47,088 equity shares were held in electronic form. The distribution of shares in physical and electronic modes as at September 30, 2009 and September 30, 2008 are as below (See Table 15):

**TABLE 15: Shares held in physical and electronic mode**

Categories	Position as at September 30, 2009		Position as at September 30, 2008	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	2152912	1.82	2285831	1.94
Demat	115847088	98.18	115714169	98.06
Total	118000000	100.00	118000000	100.00

## Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has issued 100 Zero Coupon Foreign Currency Convertible Bonds of the face value of US \$ 1,50,000 each due on June 16, 2014 which are convertible into equity shares of face value of Re.1/- each at the conversion price of Rs.50/- per share.

If all the aforesaid securities are converted into equity shares, it will result into an addition of around 1,20,00,000 equity shares of Re.1/- each to the paid-up capital of the Company.

## Plant locations

The Company's four sugar and co-generation units are located at:

- (i) Pratappur, Distt: Deoria - 274 703, Uttar Pradesh.
- (ii) Rudauli, P.O. Rudranagar, Distt: Basti - 272 151, Uttar Pradesh.
- (iii) Itai Maida, Utraula, Sriduttganj, Distt. Balrampur - 271 607, Uttar Pradesh.
- (iv) Kastua, Kundarkhi, P.O. Motiganj, Distt: Gonda - 271 301, Uttar Pradesh.

The distillery is located at:

- (i) Rudauli, P.O. Rudranagar, Distt: Basti - 272 151, Uttar Pradesh.

## Address for Correspondence

Bajaj Hindusthan Sugar and Industries Limited

Bajaj Bhawan, 2nd floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021.

Phone : 0091-22-22049056/58

Fax : 0091-22-2204 8681

E-mail : [investors.bhsil@bajajhindusthan.com](mailto:investors.bhsil@bajajhindusthan.com)

## F) Management Discussion and Analysis

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

## G) Information to Shareholders

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

## V. CEO / CFO Certification

A certificate in terms of sub clause V of Clause 49 of the Listing Agreement issued by Manager & Company Secretary (CEO) and General Manager (Finance & Accounts) (CFO) of the Company to the Board of Directors of the Company certifying the matters contained in the said sub clause is annexed hereto.

## VI. Report on Corporate Governance

This section, read together with the information given in the sections titled:

- (i) Management Discussion and Analysis and
- (ii) Shareholder information constitutes a detailed compliance report on corporate governance during the financial year 2008-09.

## VII. Compliance

The Company has obtained the certificate from the auditors of the Company regarding 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 2008-09 and will be sent to the Bombay Stock Exchange Limited along with the annual report to be filed by the Company.

## Affirmation of Code of Conduct

I, Kushagra Bajaj, Chairman of Bajaj Hindusthan Sugar and Industries 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').

The code of conduct has been posted on the website of the Company.

The code of conduct has been complied with.

For and on behalf of the Board of Directors and  
Senior Management Personnel

October 1, 2009  
Mumbai

**Kushagra Bajaj**  
Chairman

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## Certification by Chief Executive Officer (CEO)/Chief Financial Officer (CFO) of the Company

We, Chandresh Chhaya, Manager and Company Secretary (CEO) and Sunil Kumar Ojha, General Manager (Finance & Accounts) (CFO) of Bajaj Hindusthan Sugar & Industries Ltd., to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account, and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement and the Directors' Report for the financial year ended September 30, 2009;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, not misleading with respect to these statements, taking into consideration the circumstances under which such statements were made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. The Company's other certifying officers and we are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within that entity, particularly during the period in which this report is being prepared; and
  - b) evaluated the effectiveness of the Company's disclosure controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls;
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
  - c) the Company's other certifying officers and we have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.
6. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company, that part of any bonus or incentive other compensation, which was inflated on account of such errors, as decided by the Audit Committee.

Mumbai, December 15, 2009

**Chandresh Chhaya**  
Manager & Company Secretary

**Sunil Kumar Ojha**  
General Manager (Finance & Accounts)

**Auditors' Certificate on compliance with the conditions of Corporate Governance under  
Clause 49 of the Listing Agreement**

To the Members of

**BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED for the year ended 30th September 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the stock exchanges 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

**DALAL & SHAH**

Chartered Accountants

**SHISHIR DALAL**

Partner

Membership No. 37310

Mumbai : December 15,2009.

## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED as at 30th September, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable;
  - (e) On the basis of the written representations received from the Directors, as on 30th September, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th September, 2009, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th September, 2009;
    - (b) in the case of the Profit and Loss Account, of the loss 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  
**DALAL & SHAH**  
Chartered Accountants

**SHISHIR DALAL**  
Partner

Membership No. 37310

Mumbai, December 15, 2009.

### **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2009 OF BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED.**

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:-

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Additions and deductions made during the period as per Company's practice, will be entered in the said records during the current period. As explained to us, there is a regular programme of physical verification, which is reasonable, having regard to the size of the Company and the nature of fixed assets. As explained to us there were no material discrepancies noticed on such verification during the year;  
As per the information and explanation given to us on our enquiries the disposal of assets during the year were not substantial so as to have an impact on the operations of the Company, or affect its going concern;
- ii)
  - (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the period and/or at the close of 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;
- iii) The Company has obtained loans on current account from its Holding Company, the rate of interest and terms and conditions whereof are not prima facie prejudicial to the interest of the Company. Apart from it, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;

## Bajaj Hindusthan Sugar and Industries Limited

- iv) In our opinion and according to the information and explanations given to us, there are 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. There was no sale of services during the year. During the course of our audit, no major weaknesses in internal control system had come to our notice;
- v) 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, there 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;
- vi) The Company has not accepted any deposits from the public during the year;
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) 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.
- ix) (a) According to the records of the Company, the Company has been generally regular in depositing with statutory authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were outstanding, at the year end for a period of more than six months from the date they became payable.
- (b) On the basis of our examination of the documents and records of the Company and the information and explanations given to us upon our inquiries in this regard, there were no disputed amounts payable in respect of Income-tax, Sales Tax, Wealth-tax, Service tax, Customs Duty and Excise Duty / cess and not deposited with the appropriate authorities other than those stated hereunder:

Sr. No.	STATUTE	FORUMS BEFORE WHOM PENDING				TOTAL
		Commissioner Appeals	Tribunal	High Court	Supreme Court	
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Excise Duty	77,57,038	–	–	–	77,57,038

- x) The Company did not incur any cash loss during the year, though it had incurred cash loss in the immediately previous accounting year. As at the end of the financial year, its accumulated losses were not in excess of the fifty percent of its net worth.
- xi) 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 and banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) All investments held by the Company at the close of the period are held in its own name.
- xiv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xv) Based on the information and explanations given to us by the management the term loans were applied for the purpose for which the loans were obtained.
- xvi) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds on short- term basis have been used for long- term investment.
- xvii) 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.
- xviii) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of clause (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- xix) The Company has not raised any money by public issues during the year.
- xx) 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.

In view of the nature of activities carried on by the Company clause no. (xiii) of CARO, 2003 is not applicable to the Company.

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants

**SHISHIR DALAL**  
Partner  
Membership No. 37310

Mumbai, December 15, 2009

# Bajaj Hindusthan Sugar and Industries Limited

## Balance Sheet as at September 30, 2009

	Schedule	Rs. Million	As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million
<b>I. Sources of Funds:</b>				
Shareholders' Funds				
Capital	1	118.00		118.00
Stock Options Outstanding		161.77		161.77
Reserves & Surplus	2	3,590.47		3,649.88
			<b>3,870.24</b>	3,929.65
Loan Funds				
Secured Loans	3	6,391.60		6,471.34
Unsecured Loans	4	4,070.60		4,054.10
			<b>10,462.20</b>	10,525.44
			<b>14,332.44</b>	14,455.09
<b>Total</b>				
<b>II. Application of Funds:</b>				
Fixed Assets				
Gross Block	5	14,767.69		13,486.04
Less: Depreciation		1,699.86		899.35
Net Block		13,067.83		12,586.69
Capital Work In Progress		185.76		64.07
			<b>13,253.59</b>	12,650.76
Investments	6		0.01	0.01
Deferred Tax (Net) (Refer Note 7)			595.45	550.03
Current Assets, Loans & Advances				
Inventories	7	1,071.43		1,200.05
Sundry Debtors		50.93		73.34
Cash & Bank Balances		57.74		1,255.12
Loans & Advances		1,523.11		1,386.01
		<b>2,703.21</b>		3,914.52
<i>Less : Current Liabilities &amp; Provisions</i>				
Current Liabilities	8	2,660.86		3,709.38
Provisions		90.39		25.97
		<b>2,751.25</b>		3,735.35
Net Current Assets			<b>(48.04)</b>	179.17
Profit & Loss Account			<b>531.43</b>	1,075.12
			<b>14,332.44</b>	14,455.09
<b>Total</b>				
Notes forming part of the accounts	16			

As per our attached report of even date

For and on behalf of

**DALAL & SHAH**

Chartered Accountants

**(Shishir Dalal)**

Partner

Membership No. 37310

Mumbai, December 15, 2009

**Chandresh Chhaya**  
Manager & Company Secretary

**Pradeep Kumar Mittal**  
**Gautam Ashra**  
**Pradeep Parakh**

} Directors

**Profit and Loss Account for the year ended September 30, 2009**

	Schedule	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
<b>Income :</b>				
Gross Sales	9	3,776.26		3,230.16
Less: Excise Duty		<u>173.25</u>		<u>243.19</u>
Net Sales			3,603.01	2,986.97
Other Income	10		<u>554.78</u>	<u>34.72</u>
			<u>4,157.79</u>	<u>3,021.69</u>
<b>Expenditure :</b>				
Raw Materials Consumed	11		1,972.46	1,872.42
Manpower Cost	12		292.06	244.50
Other Expenses	13		394.02	956.22
Interest & Finance Charges (Net)	14		722.02	472.49
Depreciation			802.08	474.32
Decrease in Stocks	15		<u>108.50</u>	<u>137.03</u>
			<u>4,291.14</u>	<u>4,156.98</u>
<b>Profit/(Loss) for the year before Taxation</b>			<b>(133.35)</b>	<b>(1,135.29)</b>
Less: Provision for Taxation:				
Current Tax		-		-
Deferred Tax		(45.42)		(386.07)
Fringe Benefit Tax		<u>1.36</u>		<u>8.26</u>
			<u>(44.06)</u>	<u>(377.81)</u>
<b>Profit/(Loss) for the year</b>			<b>(89.29)</b>	<b>(757.48)</b>
Add: Balance Brought Forward		(1,075.12)		(316.52)
Transitional Liability under employee benefits		-		(0.59)
Less: Exchange loss of earlier years (Refer Note 11)		<b>(633.39)</b>		-
			<u>(441.73)</u>	<u>(317.11)</u>
			<u>(531.02)</u>	<u>(1,074.59)</u>
Transfers to :				
Reserve for construction of Molasses Storage Tanks			0.41	0.53
Balance carried to Balance Sheet			<u>(531.43)</u>	<u>(1,075.12)</u>
Basic Earning per Share:				
Net Profit/(Loss)			<u>(89.29)</u>	<u>(757.48)</u>
Weighted Average No. of Shares			118,000,000	103,665,753
Basic Earning per Share in Rupees (Nominal Value Re.1/- per Share)			<b>(0.76)</b>	<b>(7.31)</b>
Diluted Earning per Share:				
Net Profit/(Loss)			<u>(89.29)</u>	<u>(757.48)</u>
Weighted Average No. of Shares			118,000,000	103,665,753
Diluted Earning per Share in Rupees (Nominal Value Re.1/- per Share)			<b>(0.76)</b>	<b>(7.31)</b>
Notes forming part of the accounts	16			

As per our attached report of even date

For and on behalf of

**DALAL & SHAH**

Chartered Accountants

**(Shishir Dalal)**

Partner

Membership No. 37310

Mumbai, December 15, 2009

**Chandresh Chhaya**

Manager & Company Secretary

**Pradeep Kumar Mittal**

**Gautam Ashra**

**Pradeep Parakh**

} Directors

**Cash Flow Statement for the year ended September 30, 2009**

	2008-2009 Rs. Million	2007-2008 Rs. Million
<b>A. Cash Flow from operating activities:</b>		
Net Profit/(Loss) before Exceptional Item and Taxation	(133.35)	(1,135.29)
Adjustment for:		
Depreciation & Amortization	802.08	474.32
(Gain)/Loss due to Foreign Exchange Fluctuation	(374.61)	633.38
Interest and Finance Charges	744.15	473.66
Interest Received	(22.13)	(1.17)
Employee's Compensation Expenses under ESOP	-	(8.78)
	<u>1,149.49</u>	<u>1,571.41</u>
Operating Profit before working capital changes	1,016.14	436.12
Adjustment for:		
Trade and other receivables	(110.17)	(213.33)
Inventories	128.62	(816.25)
Trade payables	(1,319.09)	2,227.38
Cash generated from operations	(284.50)	1,633.92
Direct taxes paid	(5.88)	(10.88)
<b>Net Cash from/(used in) operating activities</b>	<u>(290.38)</u>	<u>1,623.04</u>
<b>B. Cash Flow from investing activities:</b>		
Purchase of Fixed Assets	(229.73)	(1,806.86)
Sale of Fixed Assets	0.27	-
<b>Net cash used in investing activities</b>	<u>(229.46)</u>	<u>(1,806.86)</u>
<b>C. Cash Flow from financing activities:</b>		
Proceeds from borrowings (Net of repayments)	(230.69)	697.87
Equity Warrants issued and Subscribed	-	(2,707.50)
Issue of Equity Shares & Premium thereon	-	2,899.99
Interest and Finance Charges Paid	(468.86)	(205.76)
Interest Received	22.13	1.17
Unclaimed Dividend transferred to Central Government	(0.12)	-
<b>Net cash from financing activities</b>	<u>(677.54)</u>	<u>685.77</u>
Net increase/(decrease) in cash and cash equivalents	(1,197.38)	501.95
Cash and Cash equivalents as at Oct. 01, 2008 (Opening Balance)		
Earmarked for specific purposes	13.08	8.63
Other Balances	1,242.04	744.54
	<u>1,255.12</u>	<u>753.17</u>
Cash and Cash equivalents as at September 30, 2009 (Closing Balance)		
Earmarked for specific purposes	23.44	13.08
Other Balances	34.30	1,242.04
	<u>57.74</u>	<u>1,255.12</u>

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

**DALAL & SHAH**

Chartered Accountants

**(Shishir Dalal)**

Partner

Membership No. 37310

Mumbai, December 15, 2009

**Chandresh Chhaya**

Manager & Company Secretary

**Pradeep Kumar Mittal**

**Gautam Ashra**

**Pradeep Parakh**

} Directors

**Schedules forming part of Accounts**

Schedules 1 to 16 annexed to and forming part of the Balance Sheet as at September 30, 2009 and Profit and Loss Account for the year ended on that date.

	As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million
<b>Schedule 1 - Capital</b>		
<b>Authorised:</b>		
100,00,00,000 (40,00,00,000) Equity Shares of Re. 1/- each	<u>1,000.00</u>	<u>400.00</u>
<b>Issued, Subscribed &amp; Paid up:</b>		
11,80,00,000 Equity Shares of Re. 1/- each	<u>118.00</u>	<u>118.00</u>
	<u>118.00</u>	<u>118.00</u>
Of the above:		
(i) 8,85,00,000 Equity Shares are held by Bajaj Hindusthan Limited, the Holding Company.		
(ii) 8,50,000 Equity Shares were allotted otherwise than in Cash and 1,57,50,000 shares have been allotted as Bonus Shares by Capitalisation of General Reserve		

**Schedule 2 - Reserves and Surplus**

	As at Oct. 01, 2008	Additions	Deductions	As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million
Capital Redemption Reserve	0.10	-	-	0.10	0.10
Securities Premium*	3,648.67	-	59.82	3,588.85	3,648.67
Reserve for Molasses Storage Tanks	1.11	0.41	-	1.52	1.11
	<u>3,649.88</u>	<u>0.41</u>	<u>59.82</u>	<u>3,590.47</u>	<u>3,649.88</u>

\* Deduction to Securities Premium represent Provision for Premium on redemption of Foreign Currency Convertible Bonds (FCCB).

**Schedule 3 - Secured Loans**

Loans and Advances from Banks	770.56	510.23
Other Loans and Advances (includes ECB Rs. 5,563.87 million, Previous Year Rs.5,875.24 million)	5,621.04	5,961.11
	<u>6,391.60</u>	<u>6,471.34</u>

**Notes:**

- Working capital loan from Central Bank of India is secured on first pari passu charge basis, by hypothecation of inventories, book debts and other receivables. Further secured, on a third pari passu charge basis, by hypothecation of the whole of movable fixed assets and properties and by mortgage (by deposit of title deeds) on the whole of immovable fixed assets and properties, both present and future of the Company.  
Working capital loans from Punjab National Bank are secured on first pari passu charge basis, by hypothecation of inventories, book debts and other receivables. Further secured, on a third pari passu charge basis, by hypothecation of the whole of movable fixed assets and properties of the Company and to be secured by mortgage on the whole of immovable fixed assets and properties, both present and future of the Company. Documentation for mortgage in respect of aforesaid lenders is under finalisation.
- The Sugar Development Fund loan from Government of India amounting to Rs. 57.17 million is secured by second exclusive charge on fixed assets, both present and future, of the Company's sugar unit at Pratappur.
- "Loans under Scheme for Extending Financial Assistance to Sugar Undertaking 2007" amounting to Rs.175.10 million included in Loans and Advances from Banks, are secured/to be secured on pari passu residual charge basis, by hypothecation of whole of 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.
- Term loan in Foreign Currency is secured on exclusive first charge basis, by hypothecation of Company's movable fixed assets (present and future) and Company's immovable assets (present and future) at its factories at Rudauli, Kundarkhi and Utraula together with all buildings and structures thereon and all plant and machinery attached thereto. Further secured by a first pari passu charge basis on all its immovable fixed assets at the factory at Pratappur, District Deoria in U.P. by Joint Equitable mortgage and by hypothecation of movable fixed assets. Also further secured, on a second pari passu charge basis, by hypothecation of all the current assets (present and future) of the Company.

	As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million
<b>Schedule 4 - Unsecured Loans</b>		
Loan from Holding Company (Bajaj Hindusthan Limited)	3,350.00	3,350.00
Foreign Currency Convertible Bonds (FCCBs)	720.60	704.10
	<u>4,070.60</u>	<u>4,054.10</u>

# Bajaj Hindusthan Sugar and Industries Limited

## Schedule 5 - Fixed Assets

Rs. Million

Sr. No.	DESCRIPTION	As at Oct. 1, 2008	GROSS BLOCK (AT COST/BOOK VALUE)			DEPRECIATION				NET BLOCK	
			Additions	Deduction & Adjustments	As at Sept. 30, 2009	Upto Oct. 1, 2008	Additions	Deduction & Adjustments	Upto Sept. 30, 2009	As at Sept. 30, 2009	As at Sept. 30, 2008
1	Land	468.49	17.56	-	486.05	-	-	-	-	486.05	468.49
2	Buildings	1,694.87	200.68	-	1,895.55	87.35	123.59	-	210.94	1,684.61	1,607.52
3	Plant & Machinery	11,181.50	1,056.63	-	12,238.13	773.70	655.93	-	1,429.63	10,808.50	10,407.80
4	Furniture, Fixtures & Office Equipments	54.46	4.17	-	58.63	22.29	12.06	-	34.35	24.28	32.17
5	Vehicles & Tractors	27.24	2.39	2.23	27.40	11.65	4.19	1.57	14.27	13.13	15.59
6	Weigh Bridges	58.86	2.45	-	61.31	4.30	6.28	-	10.58	50.73	54.56
7	Electrical Fittings	0.62	-	-	0.62	0.06	0.03	-	0.09	0.53	0.56
	<b>Total</b>	<b>13,486.04</b>	<b>1,283.88</b>	<b>2.23</b>	<b>14,767.69</b>	<b>899.35</b>	<b>802.08</b>	<b>1.57</b>	<b>1,699.86</b>	<b>13,067.83</b>	<b>12,586.69</b>
	Previous Year Total	2,637.93	10,902.07	53.96	13,486.04	422.12	477.23	-	899.35	12,586.69	-
8	Capital Work in progress	64.07	189.84	68.15	185.76	-	-	-	-	185.76	64.07
	<b>Total</b>	<b>13,550.11</b>	<b>1,473.72</b>	<b>70.38</b>	<b>14,953.45</b>	<b>899.35</b>	<b>802.08</b>	<b>1.57</b>	<b>1,699.86</b>	<b>13,253.59</b>	<b>12,650.76</b>
	Previous Year Total	11,740.33	12,732.31	10,922.53	13,550.11	422.12	477.23	-	899.35	12,650.76	-

Additions during the year includes an amount of Rs. 1,173.62 Million towards Exchange fluctuation loss on foreign currency loans as per the Notification dated 31.03.2009 issued by the Ministry of Corporate Affairs. (Refer Note 11)

Capital Work in Progress	As at Oct. 1, 2008	Additions	Capitalised	As at Sept. 30, 2009
Advance to Suppliers/Contractors	7.26	-	0.15	7.11
Plant & Machinery/Civil work-in-progress	56.81	189.84	68.00	178.65
<b>Total</b>	<b>64.07</b>	<b>189.84</b>	<b>68.15</b>	<b>185.76</b>

As at  
Sept. 30, 2009  
Rs. Million

As at  
Sept. 30, 2008  
Rs. Million

## Schedule 6 - Investments

Long Term Investments : (At Cost)

Trade(Unquoted)

In Fellow Subsidiary Company

100 Quotas of Bajaj Internacional Participações Ltda of BRL 1/- .  
(Amount Rs. 2117/- Previous Year Rs. 2117/-)

**0.01**

0.01

**0.01**

0.01

## Bajaj Hindusthan Sugar and Industries Limited

	As at Sept. 30, 2009 Rs. Million	As at Sept.30, 2008 Rs. Million
<b>Schedule 7 - Current Assets, Loans &amp; Advances</b>		
<b>Current Assets :</b>		
(a) Inventories (As certified by the Management)		
(i) Stores, Spare Parts and Packing materials	177.12	145.51
(ii) Raw Material	0.31	29.07
(iii) Finished Stock	748.05	983.51
(iv) By-Product	145.95	41.96
	<b>1,071.43</b>	<b>1,200.05</b>
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months	-	-
Other Debts	50.93	73.34
	<b>50.93</b>	<b>73.34</b>
(c) Cash and Bank Balances		
Cash on hand (including cheques & drafts Rs.13.91 million)	23.44	13.08
Balance with Scheduled Banks:		
(i) In Current Accounts	22.71	234.46
(ii) In Unpaid Dividend Account	-	0.12
(iii) In Fixed Deposits	11.59	1,007.46
(includes Rs. 2.29 million, Previous Year Rs. 2.29 million, of FDR, Receipts where of lodged with Bank against guarantee issued)		
	<b>57.74</b>	<b>1,255.12</b>
<b>Loans and Advances (Unsecured, considered good unless otherwise stated):</b>		
Advances recoverable in cash or in kind or for value to be received	404.99	213.29
Deposits	0.97	0.72
Balance with Excise Department including Cenvat credits	1,086.21	1,145.58
Advance payments of Tax (including tax deducted at source) (Net of Provision for Taxation)	30.94	26.42
	<b>1,523.11</b>	<b>1,386.01</b>
	<b>2,703.21</b>	<b>3,914.52</b>
<b>Schedule 8 - Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities:</b>		
Sundry Creditors	1,985.51	3,316.67
Interest Accrued but not due	661.60	386.31
Deposits from Stockists and others	13.75	6.28
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) (There are no dues to be transferred to IEPF)		
Unclaimed Dividend	-	0.12
'Sundry Creditors' include Rs. Nil due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME). During the year, no amounts have been paid beyond the appointed day in terms of the MSME and there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said Act at the close of the year. The disclosure above is based on the information available with the Company regarding the status of the suppliers under the MSME.		
	<b>2,660.86</b>	<b>3,709.38</b>
<b>B. Provisions:</b>		
For Employee benefits	30.57	25.97
For Premium on redemption of FCCBs	59.82	-
	<b>90.39</b>	<b>25.97</b>
	<b>2,751.25</b>	<b>3,735.35</b>

## Bajaj Hindusthan Sugar and Industries Limited

	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
<b>Schedule 9 - Gross Sales</b>			
<b>Sales:</b>			
Manufactured Goods		3,643.43	3,049.84
By-Products		65.84	163.54
Power		66.99	16.78
		<u>3,776.26</u>	<u>3,230.16</u>
<b>Schedule 10 - Other Income</b>			
Scrap/Store /Manure sales		67.53	27.14
Provisions no longer required/Credit balances appropriated (Refer note 11)		480.89	0.01
Miscellaneous Receipts		6.36	7.57
		<u>554.78</u>	<u>34.72</u>
<b>Schedule 11 - Raw Materials Consumed</b>			
Opening Stock		29.07	53.65
Purchases		1,943.70	1,847.84
		<u>1,972.77</u>	<u>1,901.49</u>
Less: Closing Stock		0.31	29.07
		<u>1,972.46</u>	<u>1,872.42</u>
<b>Schedule 12 - Manpower Cost</b>			
Salaries & Wages		263.08	221.95
Contribution to Provident and other funds and schemes		15.44	18.78
Employee's Welfare Expenses		13.54	12.55
Employee's Compensation Expenses (ESOP Cost)		-	(8.78)
		<u>292.06</u>	<u>244.50</u>
<b>Schedule 13 - Other Expenses</b>			
Stores, Spares and Packing Materials consumed		113.35	130.14
Power and Fuel		80.62	56.26
Rent		0.60	1.18
Rates and Taxes		1.47	2.42
Repairs :			
Building	2.02		2.31
Machinery	51.43		38.22
Others	4.49		3.13
		<u>57.94</u>	<u>43.66</u>
Payment to Auditors for:			
Audit fees	0.50		0.50
Tax audit fees	0.05		0.05
Certification work	0.31		0.21
Out of pocket expenses	0.05		0.03
		<u>0.91</u>	<u>0.79</u>
Payment to Cost Auditor (Cost Audit Fees)		0.06	0.03
Insurance		24.65	0.26
Selling Commission		5.04	5.55
Selling & Distribution		36.49	28.54
Director sitting fees		0.19	0.03
Miscellaneous Expenses		72.57	53.98
Loss Due to Foreign Exchange fluctuation		-	633.38
Loss on Assets Sold / Discarded		0.13	-
		<u>394.02</u>	<u>956.22</u>

## Bajaj Hindusthan Sugar and Industries Limited

	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
<b>Schedule 14 - Interest &amp; Finance Charges (Net)</b>			
Interest:			
On Term Loans		<b>225.18</b>	151.19
On Working Capital Loans		<b>26.74</b>	79.53
Others		<b>489.32</b>	235.90
		<b>741.24</b>	466.62
Less: Interest Income Gross (Tax Deducted at Source Rs. 5.95 Million, Previous year Rs.Nil)			
On Others		<b>22.13</b>	1.17
		<b>22.13</b>	1.17
		<b>719.11</b>	465.45
Add: Finance charges		<b>2.91</b>	7.04
		<b>722.02</b>	472.49
<b>Schedule 15 - Decrease in Stocks</b>			
Opening Stock:			
Finished Goods	<b>983.50</b>		228.00
By-product	<b>41.96</b>		8.94
		<b>1,025.46</b>	236.94
Add: Stock out of Trial Production:			
Finished Goods	-		825.54
Materials in process	-		53.59
By-product	-		76.13
		-	955.26
Less: Closing Stock:			
Finished Goods	<b>748.05</b>		983.50
By-product	<b>145.95</b>		41.96
		<b>894.00</b>	1,025.46
		<b>131.46</b>	166.74
Add/(Less): Excise Duty on Increase/Decrease in stocks of Finished Goods		<b>(22.96)</b>	(29.71)
		<b>108.50</b>	137.03

# Bajaj Hindusthan Sugar and Industries Limited

## Schedule 16 - Notes forming part of the accounts

	2008-2009		2007-2008	
	Rs. Million		Rs. Million	
1. Contingent liability in respect of disputed demands/claims against the Company not acknowledged as debts:				
(i) Central Excise matters		7.75		-
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances).		201.57		85.34
3. Raw Materials Consumed (Indigenous):				
	2008-2009		2007-2008	
	M. Tonnes	Rs. Million	M. Tonnes	Rs. Million
i. Sugarcane	1,308,396	1,868.69	1,342,168*	1,775.01
ii. Molasses	83,805	103.77	64,560	97.42
		<u>1,972.46</u>		<u>1,872.43</u>
* Raw material consumed (Sugarcane) excludes the sugarcane crushed and its value during trial run.				
4. Value of imported and indigenous spare parts & components and percentage to the total consumption:				
	2008-2009		2007-2008	
	Rs. Million	Percentage	Rs. Million	Percentage
i. Spare Parts & Components (Indigenous)	2.87	100.00	43.46	100.00
ii. Spare Parts & Components (Imported)	-	-	-	-
5. The Profit & Loss Account includes payments and provisions on account of remuneration to Manager as under:				
				Rs. Million
				<b>Total</b>
1. Salary, etc.				1.68
				(1.48)
2. Contribution to Provident Fund & Gratuity Schemes				0.07
				(0.05)
Total				1.75
				(1.53)

6. The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS 18) '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. Enterprise having Control**

**Holding Company**

Bajaj Hindusthan Ltd.

**Fellow Subsidiary Companies**

Bajaj Eco-Tec Products Ltd.

Bajaj Aviation Private Limited

Bajaj Internacional Participações Ltda.

Bajaj Eco-Chem Products Private Limited

Bajaj Hindusthan (Singapore) Private Limited

**B. Associates and Joint Ventures**

Nil

**C. Directors and their relatives**

Mr. Kushagra Bajaj - Non Executive Director

**D. Key Management Personnel**

Mr. Chandresh Chhaya - Company Secretary & Manager

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

1. Bajaj Capital Ventures Pvt. Ltd.

2. Bajaj Corp Limited

3. Bajaj Infrastructure Development Company Limited

4. New Horizon Investments Ltd.

5. Roop Sugars Pvt. Ltd.

6. Parvati Chinni Pvt. Ltd.

7. Krishnavijay Paper and Boards Pvt. Ltd.

## Bajaj Hindusthan Sugar and Industries Limited

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

Transactions	Holding Company	Fellow Subsidiary Company	Directors	Key Management Personnel	Rs. Million Total
<b>I. Transaction during the year</b>					
Purchase of Goods	0.66 (34.40)	79.34 -	-	-	80.00 (34.40)
Sale of Goods	4.78 (9.33)	74.09 (1.15)	-	-	78.87 (10.48)
Interest paid	301.50 (302.33)	-	-	-	301.50 (302.33)
Rent recovered	Re.1 (-)	-	-	-	Re.1 (-)
Sitting fees paid	-	-	0.19 (0.03)	-	0.19 (0.03)
Remuneration	-	-	-	1.75 (1.53)	1.75 (1.53)
<b>II. Amounts Outstanding at the Balance Sheet date</b>					
Loans Outstanding (Including interest)	4,011.60 (3,729.84)	-	-	-	4,011.60 (3,729.84)

#### 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.

#### 7. Deferred Taxation:

	As at Oct. 1, 2008	During the year	Rs. Million As at Sept. 30, 2009
<b>Deferred Tax Liabilities:</b>			
Depreciation	970.12	423.50	1,393.62
Total	970.12	423.50	1,393.62
<b>Deferred Tax Assets:</b>			
Provision for Employee Benefits	8.81	1.56	10.37
Expenses allowable on payment basis	3.68	-	3.68
Carry Forward loss and unabsorbed Depreciation	1,507.66	467.36	1,975.02
Total	1,520.15	468.92	1,989.07
<b>Net Deferred Tax Assets</b>	550.03	45.42	595.45

#### 8. Segment Information:

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

Primary Segment Information:

Particulars	2008-2009 Rs. Million	2007-2008 Rs. Million
1. Segment Revenue		
a. Sugar	3,343.99	2,658.39
b. Distillery	391.88	470.49
c. Power	144.62	16.78
d. Unallocated	-	-
<b>Total</b>	<b>3,880.49</b>	<b>3,145.66</b>
Less: Inter- segment Revenue	277.48	158.69
<b>Net Sales/Income from Operations</b>	<b>3,603.01</b>	<b>2,986.97</b>

## Bajaj Hindusthan Sugar and Industries Limited

Particulars	2008-2009 Rs. Million	2007-2008 Rs. Million
2. Segment Results		
(Profit (+)/ Loss(-) before tax and interest)		
a. Sugar	83.02	(131.50)
b. Distillery	76.68	91.41
c. Power	54.36	10.65
d. Unallocated	-	-
<b>Total</b>	<b>214.06</b>	<b>(29.44)</b>
Less: Interest (Net)	722.02	472.49
Less: Other un-allocable income net of un-allocable expenditure	(374.61)	633.36
<b>Total Profit before Tax</b>	<b>(133.35)</b>	<b>(1,135.29)</b>
3. Capital Employed:		
Segment Assets:		
a. Sugar	14,132.35	14,976.02
b. Distillery	1,203.81	1,084.88
c. Power	608.66	504.38
d. Unallocated	11.99	1.86
<b>Total</b>	<b>15,956.81</b>	<b>16,567.14</b>
Segment Liabilities:		
a. Sugar	2,651.10	3,574.69
b. Distillery	64.96	161.88
c. Power	35.19	0.39
d. Unallocated	-	0.24
<b>Total</b>	<b>2,751.25</b>	<b>3,737.20</b>
4. Capital Expenditure:		
a. Sugar	1,259.64	824.31
b. Distillery	70.75	3.55
c. Power	75.18	504.69
d. Unallocated	-	-
<b>Total</b>	<b>1,405.57</b>	<b>1,332.55</b>
5. Depreciation:		
a. Sugar	724.86	417.47
b. Distillery	43.20	42.97
c. Power	34.02	13.88
d. Unallocated	-	-
<b>Total</b>	<b>802.08</b>	<b>474.32</b>
6. Non Cash Expenditure other than Depreciation:		
a. Sugar	Nil	Nil
b. Distillery	Nil	Nil
c. Power	Nil	Nil
d. Unallocated	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

Other disclosures:

- The Company caters mostly to Indian markets and as such there are no reportable geographical segments. All the assets are also located in India.
- 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.
- The Segment Revenue, Results, Assets and Liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
- The segment performance has been worked out after attributing the realisable value of inter segment transfer of material. Figures have been regrouped/ rearranged/ recasted wherever necessary.

## Bajaj Hindusthan Sugar and Industries Limited

### 9. Detailed Quantitative Information:

Sr. No.	Products	Licensed Capacity	Installed Capacity (as certified by the management)	Opening Stock As at October 1, 2008		Production	Reprocessing Loss/ Shortage	Sales		Closing Stock As at September 30, 2009	
				Quantity	Value			Quantity	Quantity	Quantity	Value
1.	Sugar	Not Applicable	TCD 40,000 (40,000)	M.Tonnes 54,489 (13,958)	Rs. Million 966.76 (198.91)	M.Tonnes 114,863 (139,546)	M.Tonnes 171 (48)	M.Tonnes 142,847 (153,555)	Rs. Million 3,227.74 (2,510.35)	M.Tonnes 26,334 (54,489)	Rs. Million 652.62 (966.76)
2.	Alcohol	Kilo Litres 48,000 per annum	KL/Per Day 160 (160)	Kilo Litres 1,031 (1,506)	Rs. Million 16.75 (29.09)	Kilo Litres 20,399 (24,229)	Kilo Litres 90 -	Kilo Litres 17,202 (24,703)	Rs. Million 415.70 (539.60)	Kilo Litres 4,139 (1,031)	Rs. Million 95.44 (16.75)
3.	Power	Not Applicable	88 MW (Installed) 8-12 MW (Exportable) (88 MW Installed)	MW - (-)	Rs. Million - (-)	MW 37,242 (44,564)	MW 447 (39)	MW 36,795 <sup>§</sup> (44,524)	Rs. Million 66.99 (16.78)	MW - (-)	Rs. Million - (-)
4.	By Products Molasses	Not Applicable	Not Applicable	M.Tonnes 7,958 (7,355)	Rs. Million 41.96 (8.94)	M.Tonnes 69,914 (75,287)	M.Tonnes 192 (-)	M.Tonnes 67,033* (99,872)	Rs. Million 52.50 (155.47)	M.Tonnes 10,647 (7,958)	Rs. Million 47.04 (41.96)
5.	Others	Not Applicable	Not Applicable						13.33 (7.96)		98.90 (-)
	<b>Total</b>				<b>1,025.46</b> (236.94)				<b>3,776.26</b> (3,230.16)		<b>894.00</b> (1,025.46)

\* 1. Includes inter unit transfer 56,722.27 MT ( Previous year 64,560.18 MT)

§ 2. Includes inter unit transfer 22,969 MW ( Previous year 37,113 MW)

3. Figures for previous period are shown in brackets.

10. Details in respect of gratuity are as under:	(Rs. Million)	2008-2009 (Unfunded)	2007-2008 (Unfunded)
<b>Liability to be recognised in Balance Sheet as on 30.09.09</b>			
Present value of Obligations		23.96	20.41
Fair Value of Plan Assets		0.04	0.61
Net Liability		<u>23.92</u>	<u>19.80</u>
<b>Change in Plan Assets (Reconciliation of Opening &amp; Closing Balances)</b>			
Fair Value of Plan Assets as at 01.10.2008		0.61	0.15
Expected Return on Plan Assets		0.03	0.03
Actuarial Gain/(Losses)		0.02	0.00
Contributions		1.40	2.70
Benefits Paid		<u>(2.02)</u>	<u>(2.27)</u>
Fair Value of Plan Assets as at 30.09.2009		<u>0.04</u>	<u>0.61</u>
<b>Reconciliation of Opening and Closing Balances of obligation</b>			
Change in defined Benefit Obligation			
Obligation as at 01.10.2008		20.41	13.99
Current Service Cost		4.18	3.66
Interest cost		1.77	1.38
Actuarial Losses/(Gain)		(0.39)	3.67
Benefits Paid		<u>(2.02)</u>	<u>(2.27)</u>
Obligation as at 30.09.2009		<u>23.96</u>	<u>20.41</u>
<b>Expenditure to be recognised during the year</b>			
Current Service Cost		4.18	3.66
Interest cost		1.77	1.38
Expected Return on Plan Assets		(0.03)	(0.03)
Net Actuarial Losses/(Gain) Recognised during the year		<u>(0.41)</u>	<u>3.67</u>
Total Expenditure included in "Employees Emoluments"		<u>5.52</u>	<u>8.67</u>

# Bajaj Hindusthan Sugar and Industries Limited

	2008-2009	2007-2008
<b>Assumptions</b>		
Discount Rate (per annum)	8.00%	7.50%
Expected Rate of Return on Assets ( per annum )	8.00%	8.00%
Salary Escalation Rate	5.00%	5.00%
<b>Unfunded Scheme - Earned Leaves</b>		
Particulars	<b>2008-2009</b>	2007-2008
	<b>Rs. Million</b>	Rs. Million
Present value of Unfunded Obligations	6.65	5.93
Expenses recognised in the statements of P&L	6.65	5.93
Discount Rate (per annum)	8.00%	7.50%
Salary Escalation Rate (per annum)	5.00%	5.00%
11. In compliance with the Notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company has exercised the option available under the newly inserted Paragraph 46 to the Accounting Standard AS-11 "The Effect of Changes in Foreign Exchange Rates". Accordingly the Foreign Exchange Loss of Rs. 165.62 Million for the year ended September 30, 2009 has been adjusted to Capital Assets. For the accounting year ended September 30, 2008, Foreign Exchange Loss of Rs. 633.39 Million (net of Provision Rs. 374.61 Million, Gross Rs. 1,008.00 Million ) was debited to Profit and Loss Account. In terms of the said notification, while the gross loss of Rs. 1,008.00 Million has been adjusted to the Capital Assets and credited to Profit & Loss Account, Provision for Exchange Fluctuation of Rs. 374.61 Million now not required, has been written back to the Profit and Loss Account as Provision no Longer required and reflected under the head "Other Income". As a result of this change, depreciation for the year is higher by Rs. 63.99 million, loss on foreign currency fluctuation is lower by Rs. 165.62 million and profit for the year is higher by Rs.101.63 million.		
12. The Hon'ble High Court of Allahabad while disposing the various Writ Petitions filed by the certain sugar producing factories, by its Order dated December 19, 2007 had, inter alia, quashed the State Advised Price (SAP) for the season 2006-07 being arbitrary and unreasonable. Based on the legal advice, the Company in previous year, had accounted for Sugar Cane liability for the season 2006-07 at Statutory Minimum Price (SMP) fixed by the Central Government. Subsequently Hon'ble Supreme Court on a Special Leave Petition directed the sugar companies by its interim order dated February 27, 2008 to pay @ Rs.118/- per quintal for general variety of sugar cane and accordingly the company has fully discharged its cane liability. Necessary adjustment in accounts arising out of difference between SAP and SMP amounts to Rs. 169.32 million will be considered as and when the matter is finally decided.		
13. During the Financial Year 2007-08 the Company has accounted for Sugar Cane Purchases for the season 2007-08 @ Rs.110/- per quintal pursuant to the interim Order dated September 08, 2008 of the Hon'ble Supreme Court of India. The Company has fully discharged its cane liability as per the said interim order. Necessary adjustment in accounts arising out of difference between SAP of Rs. 125 per quintal and Rs. 110/- per quintal amounts to Rs. 184.26 million will be considered as and when the matter is finally decided.		
14. Disclosures in respect of Derivative Instruments:	<b>2008-09</b>	2007-08
	<b>USD (Million)</b>	USD (Million)
(i) Foreign currency exposures that are not hedged as at Sept. 30, 2009		
FCCB (USD)	15.00	15.00
ECB (USD)	106.69	116.00
15. Previous year figures have been regrouped wherever necessary and have been shown in brackets.		
16. Significant Accounting policies followed by the Company are as stated in the statement annexed to this Schedule (Annexure 'A').		
17. Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.		

Signatures to Schedules "1" to "16"

As per our attached report of even date

For and on behalf of

**DALAL & SHAH**

Chartered Accountants

**(Shishir Dalal)**

Partner

Membership No. 37310

Mumbai, December 15, 2009

**Chandresh Chhaya**

Manager & Company Secretary

**Pradeep Kumar Mittal**

**Gautam Ashra**

**Pradeep Parakh**

} Directors

## Statement on Significant Accounting Policies

Annexure 'A' referred to in Note no. 16 in Schedule 16 to the Accounts for the year ended September 30, 2009

### 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.

### 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. Sales excludes captive consumption of molasses.
- (ii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Government as available till such time pending final notification for each season. The difference in price pending final notification is accounted on an estimation by the management taking into account factors affecting the calculation of levy sugar price.

### 3. Fixed Assets and Depreciation:

#### (A) Fixed Assets:

- (i) Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land) and amortisation.
- (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 all the assets has been provided as under: -
  - (a) Plant & Machinery – On Straight Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
  - (b) Other Assets – On Written Down Value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

### 4. Investments:

All 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.

### 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 are valued at estimated realisable value .
- (vi) Trial run inventory 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".

### 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.

### 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.

### 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

## Bajaj Hindusthan Sugar and Industries Limited

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the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the Profit & Loss Account, except in so far it relates to long term monetary items for financing acquisition of depreciable capital assets, is adjusted to the acquisition cost of such assets and depreciated over its remaining useful life.

### 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.

- Provident fund:

Provident fund contributions are made to Government Provident Fund.

##### (ii) Defined Benefit Plans:

- Gratuity:

Gratuity liability is unfunded and 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.

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

### 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 Account" in accordance with Section 78 of the Companies Act, 1956.

### 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 recognized 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.

### 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.

### 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.

### 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.

**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 Rs. Thousands)**

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Preferential Issue	<input type="text" value="NIL"/>	ESOP	<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 (Amounts in Rs. Thousands)**

Total Liabilities	<input type="text" value="14,332,440"/>	Total Assets	<input type="text" value="14,332,440"/>
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**Sources of Funds**

Paid-up Capital	<input type="text" value="118,000"/>	Reserves & Surplus	<input type="text" value="3,590,470"/>
Equity Warrant	<input type="text" value="-"/>	Stock Option Outstanding	<input type="text" value="161,770"/>
Secured Loans	<input type="text" value="6,391,600"/>	Unsecured Loans	<input type="text" value="4,070,600"/>

**Application of Funds**

Net Fixed Assets	<input type="text" value="13,253,598"/>	Investments	<input type="text" value="2"/>
Deferred Tax Adjustments	<input type="text" value="595,450"/>	Net Current Assets	<input type="text" value="(48,040)"/>
Accumulated Loss	<input type="text" value="531,430"/>	Misc. Expenditure	<input type="text" value="NIL"/>

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

Turnover	<input type="text" value="3,776,260"/>	Total Expenditure	<input type="text" value="4,291,140"/>
+ - Profit /Loss Before Tax	<input type="text" value="-"/> <input type="text" value="133,350"/>	+ - Profit/Loss After Tax	<input type="text" value="-"/> <input type="text" value="89,290"/>

(Please tick appropriate box + for profit - for Loss)

Earning Per Share (Basic) in Rs.

Dividend Rate %

**V. Generic Name of Principal Product of Company**

Item Code No. (ITC Code)	-	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="9"/>
Product Description	-	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <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 No. (ITC Code)	-	<input type="text" value="0"/> <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="."/> <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="."/> <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"/>

Mumbai, December 15, 2009

**Chandresh Chhaya**  
Manager & Company Secretary

<b>Pradeep Kumar Mittal</b>	}	Directors
<b>Gautam Ashra</b>		
<b>Pradeep Parakh</b>		



## Bajaj Hindusthan Sugar and Industries Limited

Registered Office: Bajaj Bhawan, 2nd floor, 226, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

D.P. Id No.		Folio No.	
Client Id No.		No. of Equity Shares	

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I / We hereby record my/our presence at the 39TH ANNUAL GENERAL MEETING of the Company held at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021 on March 17, 2010 at 11.00 A.M.

NAME/S OF THE SHAREHOLDER (IN BLOCK LETTERS)	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER / PROXY	

#### Notes:

1. Member/s intending to appoint a Proxy, should complete the Proxy Form below and deposit it at the Registered Office of the Company not later than 48 hours before the time of commencement of the meeting.
2. A Proxy need not be a member.
3. A Proxy cannot speak at the meeting or vote on show of hand.



Tear Here



## Bajaj Hindusthan Sugar and Industries Limited

Registered Office: Bajaj Bhawan, 2nd floor, 226, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021.

D.P. Id No.		Folio No.	
Client Id No.		No. of Equity Shares	

### PROXY FORM

I/We.....of.....  
in the district of..... being a member/members of BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED, hereby appoint ..... of .....in the district of ..... or failing him .....of ..... in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the 39TH ANNUAL GENERAL MEETING of the Company held at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400 021 on Wednesday, March 17, 2010 at 11.00 A.M. and any adjournment thereof.

Signed this ..... day of .....2010.

Affix  
15 Paise  
Revenue  
Stamp

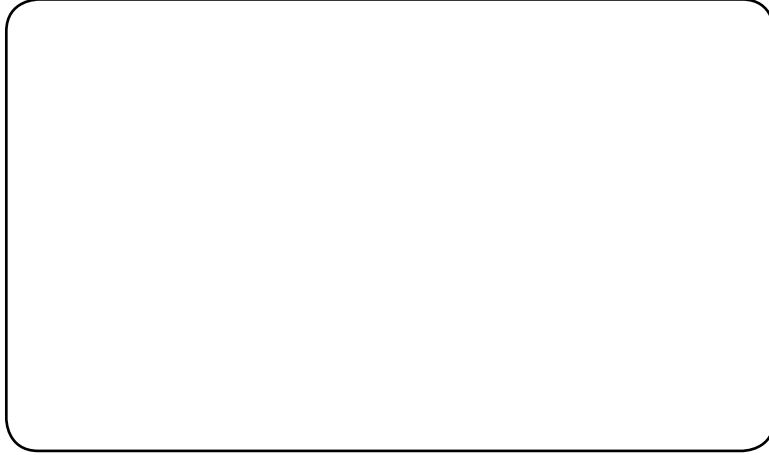
Signature/s of Shareholder/s

N.B.: The Proxy Form duly signed should reach the registered office of the Company at least 48 hours before the time of commencement of the meeting.





Book-Post



If undelivered, please return to:

**LINK INTIME INDIA PRIVATE LIMITED**  
**(UNIT: BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED)**

C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai 400 078.