



A. Performance of the Company

Financial Performance at a glance

Rs. Million

Particulars	3 Months ended				Six Months Ended			
	31.03.2009	%	31.03.2008	%	31.03.2009	%	31.03.2008	%
Net Sales	4,248.60	100.0%	4,902.80	100.0%	7,848.10	100.0%	8,342.30	100.0%
Other Income	910.70	21.4%	97.60	2.0%	933.60	11.9%	185.30	2.2%
Total Income	5,159.30	121.4%	5,000.40	102.0%	8,781.70	111.9%	8,527.60	102.2%
Raw Material Consumption	4,550.80	107.1%	8,852.90	180.6%	8,115.50	103.4%	12,202.50	146.3%
(Inc)/Dec in Stock	(2,238.60)	-52.7%	(6,348.20)	-129.5%	(3,378.70)	-43.1%	(8,014.10)	-96.1%
Employee Cost	345.00	8.1%	396.30	8.1%	649.40	8.3%	677.50	8.1%
Stores, Spares & Packing Material	189.20	4.5%	527.20	10.8%	372.10	4.7%	717.20	8.6%
Power and Fuel	47.40	1.1%	34.10	0.7%	98.10	1.2%	86.90	1.0%
Repairs	35.40	0.8%	92.30	1.9%	142.40	1.8%	252.30	3.0%
Selling Expenses	49.00	1.2%	99.10	2.0%	116.40	1.5%	143.70	1.7%
Rent	9.60	0.2%	8.90	0.2%	18.20	0.2%	16.20	0.2%
Insurance	12.30	0.3%	2.50	0.1%	30.10	0.4%	5.10	0.1%
Loss due to Foreign Exchange Fluctuation	(304.60)	-7.2%	154.50	3.2%	(31.20)	-0.4%	158.30	1.9%
Misc. Expenses	98.60	2.3%	98.50	2.0%	191.40	2.4%	167.30	2.0%
Other Expenses	4.50	0.1%	8.90	0.2%	7.10	0.1%	12.90	0.2%
Total Expenses	2,798.60	65.9%	3,927.00	80.1%	6,330.80	80.7%	6,425.80	77.0%
PBDIT	2,360.70	55.6%	1,073.40	21.9%	2,450.90	31.2%	2,101.80	25.2%
Depreciation	547.20	12.9%	462.20	9.4%	1,031.70	13.1%	893.50	10.7%
PBIT	1,813.50	42.7%	611.20	12.5%	1,419.20	18.1%	1,208.30	14.5%
Net Interest	625.40	14.7%	101.80	2.1%	1,111.80	14.2%	295.60	3.5%
PBT	1,188.10	28.0%	509.40	10.4%	307.40	3.9%	912.70	10.9%
Tax	374.20	8.8%	79.10	1.6%	52.90	0.7%	185.70	2.2%
PAT	813.90	19.2%	430.30	8.8%	254.50	3.2%	727.00	8.7%

- % values are with respect to Net Sales.

Analysis of results for Half year ended March 2009

Turnover

Decrease in revenues was due to lower volumes of sugar, industrial alcohol & ethanol and Power export during the year.

Analysis of sales

During the 1st half of the year, the Company sold 3,72,270 MT of sugar as against 4,54,363 MT during the 1st half of the previous year. The Company also sold 28,100 MT of Molasses as against 51,650 MT in the corresponding period of previous year. Alcohol & ethanol sales during this period are lower at 20580 KL as against 69876 KL during the previous year. The company exported 75,579 MWH of power during the year as against 93,887 MWH during the last year. This reduction is mainly due to lower availability of cane crushing resulting into lower production of sugar, molasses.



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

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

The company is the largest producer / seller of ethanol in the country. The validity of current contracts for supply of ethanol to PSU Oil companies is expiring in Oct '09 and the company is under negotiation with the oil companies for new long-term supply contract. There was a substantial decrease in the production and sales of ethanol during the year. The company produced 13,536 KL and sold 13,638 KL of ethanol in the current period of 6 months as against the production of 45,716 KL and sale of 45,635 KL respectively during corresponding period of previous year.

Other Income

Other income for current period of 6 months is Rs. 933.6 million against Rs. 185.3 million in the corresponding period of previous year.

The major component of other income is Lease and management fees of Rs. 9.6 million and provision no longer required (Provision of Forex gain) in earlier years Rs. 836.5 million. The balance amount has been received against sale of scrap and miscellaneous items.

Other expenses

All Other expenses excluding cane and manpower cost during the current period of 6 months is Rs.975.8 million against Rs.1401.6 million in the corresponding period of previous year. The decrease in other expenses is largely relating to stores, spares & packing material by Rs. 345 million and repair maintenance by Rs. 110 million due to lower sugar cane crushed during the current year.



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

The EBDITA for the current period of 6 months is Rs. 2,450.9 million as against Rs. 2,101.8 million achieved in the corresponding period of previous year. The increase in EBIDTA margins is mainly due to reversal of provision for foreign exchange fluctuation as stated above, as per the recent notification of Ministry of Company Affairs in respect of Accounting Standard 11 -The effects of changes in foreign exchange rates.

Interest

Due to the increase in interest rates and increased working capital requirements the interest cost is higher as compared to the previous year. In the previous year there was a credit of Rs. 235.5 million on account of interest received on Buffer Stock of sugar and capitalization of interest on new projects.

Depreciation

The depreciation for the current period of 6 months has increased from Rs. 893.5 million to Rs1031.7 million with the reason of capitalization of one more sugar project in Jan 08 and 3 co-generation projects in Mar 08 & Dec 08. Further depreciation on capitalization of foreign exchange fluctuation loss as per the recent notification issued by Ministry of Company Affairs overriding the affect of Accounting Standard 11 - The effects of changes in foreign exchange rates.

Provision for Tax

Provision for taxation is Rs. 36.2 million as against Rs. 185.7 million in the corresponding period of the previous year.



Segment Revenues

Following table shows the share of various products in BHL Segmental Revenue. BHL's aim is to de risk the business from sugar cycle by creating steady revenue streams from Distillery and power business.

	FY03	FY04	FY05	FY06	FY07	FY08	FY 09
Sugar	92%	92%	94%	91%	90%	80%	85%
Distillery	8%	8%	6%	9%	10%	14%	6%
Power	0%	0%	0%	0%	0%	6%	9%
Total	100%	100%	100%	100%	100%	100%	100%

Sugar – improving realizations

Sales Realisation from Free sale sugar for BHL has firmed up during the last quarter. The prices were lower during the same period of the last year. This is illustrated in the table below:

Rs./Metric Tonne						
Month	Ave.SP	MoM	Month	Ave.SP	MoM	YoY
Jan 09	19519	9%	Jan 08	14051	4%	39%
Feb 09	21790	12%	Feb 08	14434	3%	51%
March 09	21337	-2%	March 08	14607	1%	46%

* Free sales, Ex-Factory, Net of Excise & Taxes.

- MoM represents Month on Month price change, indicating the increase / decrease in prices with reference to the previous month.
- YoY represents Year on Year price change, indicating the increase / decrease in prices with reference to same month in the previous year.

It can also be observed that on a Year-on-Year basis, the average prices for Jan-Feb-Mar 2009 are above the average prices for Jan-Feb-Mar 2008.

Alcohol and By-products' prices moving up

Lower availability of sugarcane during the current year has resulted in an increase in the prices of By-products.

Prices of Bagasse is currently ruling at Rs 1,700/MT .
Molasses prices during the same period have moved up from Rs. 2500/MT to Rs. 4250/MT – an increase of 70%

Increase in Molasses prices has a direct impact on the production cost of Alcohol. Current selling price of Rectified Spirit is Rs. 32/Litre.



Bajaj Eco-tec Products Limited – an update

Bajaj Eco-Tec Products Ltd (BEPL), a wholly owned subsidiary of the Company has commenced manufacturing of MDF Boards and Particle Boards from sugarcane bagasse. Currently the manufacturing operations are running at 70% capacity utilization and will be much better going forward. The dealer distribution network is now in place and MDF/PB boards are sold pan- India.

BEPL has an annual capacity to produce a total of 210,000 cubic metres of MDF and Particle Boards. With increased emphasis on environment friendly products, the said MDF and PB production facility of subsidiary, with its in-built feature of aiding the conservation of forests, the subsidiary is expected to expand its business rapidly.

B. Indian Industry Overview

In the season 2008-09, the production of sugar is expected to be around 14 million tons largely due to crop switching by the farmers, lower sugar recovery and inadequate rainfall in some regions of Maharashtra. Thus, with an expected consumption of 22.5 million tons and opening stock in hand of 10.9 million tons there will be a depletion of stock to 4.4 million tons, which is equal to 2-3 months consumption of sugar.

Sugar prices have therefore started to firm up in anticipation of this reduction in production of sugar.

The sugar industry has passed through difficult times in the past two year and all indicators suggest that the situation should correct in sugar season 2009-10 and 2010-11.

Sugar Prices

The domestic sugar prices have already firmed up at Rs 22000 per MT (ex BHL factory average). This was due to lower domestic sugar production and expected depletion of sugar inventory in coming season



India's Sugar Demand-Supply Scenario

Particulars	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09f	FY10f
Opening Stock	10.6	11.2	12.4	8.4	4.7	3.6	10.0	10.9	4.4
Production	18.5	20.1	13.5	12.7	19.3	28.3	26.3	14.0	18.0
Demand - Total	17.9	18.9	17.9	18.5	20.4	21.9	25.4	22.5	22.9
- Domestic	16.8	17.4	17.7	18.5	19.3	20.2	21.1	22.0	22.9
- Exports	1.1	1.5	0.2	-	1.1	1.7	4.3	0.5	
Imports	-	-	0.4	2.1	-	-	-	2.0	3.0
Closing Stock	11.2	12.4	8.4	4.7	3.6	10.0	10.9	4.4	2.5
Closing Stock (Months)	7.5	7.9	5.6	3.0	2.1	5.5	5.1	2.3	1.3
Stock-to-use Ratio	62.6%	65.6%	46.9%	25.4%	17.6%	45.7%	42.9%	19.6%	10.9%
Sugar Prices Rs/Tonne		12474	14642	17651	18696	14879	14890	24000	26000

Source : CRISIL for consumption , company research for others e: estimate,f:forecast

It can be observed from the above table that the Sugar Prices are inversely related to the Stock-to-use Ratio. Thus the prices tend to increase with a drop in Stock-to-use Ratio, and vice versa.

Ethanol opportunity:

Ethanol is used as an automotive fuel by itself and can be mixed with petrol to form what has been called "FUEL ETHANOL". The most common blends contain 5% to 10% ethanol mixed with petrol.

With a view to give boost to agriculture sector and reduce environmental pollution, Government of India has been examining for quite some time supply of ethanol-doped-petrol in the country.

It is expected that Government of India will also adopt a time bound aggressive road map towards ethanol production similar to that of Brazil, which will result not only into saving the foreign exchange for the country and promote environment friendly fuel but will also immensely benefit the Indian sugar industry.

Utilization of molasses for the production of ethanol in India will not only provide value-addition to the by-product, it can also ensure better price stability and price realization of molasses for the sugar mills. This will improve the viability of the sugar mills, which will in turn benefit cane growers.



C. Global Industry Overview

Following table gives a summary of World Sugar Balance trend & projections:

	MMT, Raw Value					
Sugar	2008-09 E	2007-08	2006-07	2005-06	2004-05	2003-04
Opening Stock	78.03	73.74	64.29	61.26	67.16	68.13
Production	161.25	167.85	167.42	151.37	141.15	143.75
Imports	52.10	49.96	51.51	54.10	50.99	49.14
Consumption	161.72	158.78	152.96	146.10	143.97	141.44
Exports	53.77	54.74	56.52	56.33	54.07	52.42
Closing Stock	75.88	78.03	73.74	64.29	61.26	67.16
Stocks as % of Consumption	46.9%	49.1%	48.2%	44.0%	42.5%	47.5%
Stocks as No. of Months	5.63	5.90	5.79	5.28	5.11	5.70
+ / - Production (%)	-3.93%	0.26%	10.60%	7.24%	-1.81%	-4.45%
+ / - Consumption (%)	1.85%	3.80%	4.70%	1.48%	1.79%	1.29%

Source: F.O. Licht's International Sugar and Sweetener Report World Sugar Balances - Report dated Oct 29th 2008/BHL est for India

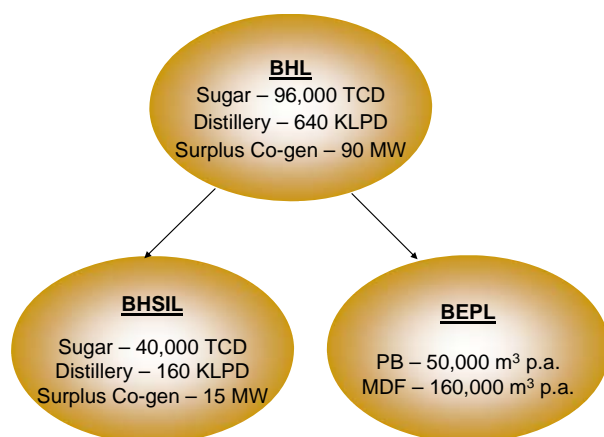
The global sugar stocks are expected to reduce from the next season, owing to limited production & increase in consumption as can be observed from the table above. Major decline in production is expected in India and EU (European Union)

Presently Raw Sugar trades at around 15 cents/lb. Refined White Sugar prices are trading at around USD 442 per tonne.



About Bajaj Hindusthan Group

Group Structure



BHL : Bajaj Hindusthan Limited

BHSIL : Bajaj Hindusthan Sugar & Industries Limited, 75% subsidiary of BHL

BEPL : Bajaj Eco-tec Products Limited, 100% subsidiary of BHL

Key Management Personnel

Chairman and Managing Director: Mr. Shishir Bajaj

Joint Managing Director : Mr.Kushagra Bajaj (knbajaj@bajajhindusthan.com)

Chief Finance Officer : Mr.Manoj Maheshwari
(mmaheshwari@bajajhindusthan.com)

President and
Company Secretary : Mr. Pradeep Parakh (pparakh@bajajhindusthan.com)

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