

**It's
time
to revive
the
Green
Revolution**



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1.	Name of the Subsidiary	Bajaj Aviation Pvt. Ltd. *	Bajaj Eco-Tec Products Ltd.	Bajaj Hindusthan Sugar and Industries Ltd.	Bajaj Internacional Participações Ltda., Brazil**	Bajaj Hindusthan (Singapore) Pvt. Ltd., Singapore	Bajaj Eco-Chem Products Pvt. Ltd.
2.	The Financial Year of the Subsidiary Company ends on	Sept. 30, 2009	March 31, 2009	Sept. 30, 2009	April 30, 2009	Sept. 30, 2009	March 31, 2009
3.	Holding Company's interest :						
	i) No. of Equity Shares	5,000,000 of Rs. 10/- each	11,500,000 of Rs. 10/- each	88,500,000 of Re. 1/- each	2,161,462 Quotas of BRL 1/- each	1,000 of S\$ 1/- each	810,000 of Rs.10/- each
	ii) Percentage of Holding	100%	100%	75%	100%	100%	100%
4.	The Net Aggregate of Profits /(Losses) of the Subsidiary Company for its Financial Year so far as they concern members of Bajaj Hindusthan Limited.						
	Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2009 (Amount in Rs. Million)	Nil	Nil	Nil	Nil	Nil	N.A.
	Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2009 (Amount in Rs. Million)	2.02	(739.51)	(67.28)	0.08	(0.41)	N.A.
5.	The Net Aggregate of Profits /(Losses) of the Subsidiary Company up to previous Financial Year so far as they concern members of Bajaj Hindusthan Limited.						
	Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2009 (Amount in Rs. Million)	Nil	Nil	Nil	Nil	Nil	N.A.
	Not Dealt with the Accounts of Bajaj Hindusthan Limited for the year ended September 30, 2009 (Amount in Rs. Million)	5.36	N.A.	(331.30)	2.64	(0.53)	N.A.

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

** Holding company alongwith its subsidiary (BHSIL) and its nominee together holds 100% capital.

Shishir Bajaj
Chairman & Managing Director

Pradeep Parakh
President & Company Secretary

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

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)	(1,135.29)
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)	(1,075.12)

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 a 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 co-generation 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 23-24 million 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 tonnes 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.

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 favour 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

- Raw material risk
- Sugar price risk
- 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:

- Diversion from cane production to other cash crops;
- Adverse weather conditions, crop disease;
- Drop in Drawal rate and
- 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:

- changes in the availability and price of sugarcane;
- variances in the production capacities of our competitors;
- the availability of substitutes for the sugar products and
- 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.
- 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 aids 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	4,157.79	3,021.69
Earnings before interest, depreciation and tax (EBIDTA)	1,390.75	(188.48)
Interest	722.02	472.49
Cash Profit	668.73	(660.97)
Depreciation	802.08	474.32
Profit/(Loss) Before Tax	(133.35)	(1,135.29)
Current and Deferred Tax	(44.06)	(377.81)
Profit/(Loss) after Tax	(89.29)	(757.48)
Basic Earning per share (Rs.)	(0.76)	(7.31)
Diluted Earning per share (Rs.)	(0.76)	(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	Qty	2008-09		2007-08		
			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	5,092.10	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.

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.

Bajaj Hindusthan Sugar and Industries Limited

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

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

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

(*including Trial Run)

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 and 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.

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 conveyed 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 and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out below:

a) Options granted till date	11,00,000
b) Pricing formula	Fixed price of Rs.100/- per share of the face value of Rs.10/- each
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

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

- Seven Nos. of 90 Tonne Per Hour high capacity pressure and high temperature boilers are installed.
- 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.
- Efficient Juice evaporation system has been installed.
- Variable speed Domestic Current (DC) motor at Mills and High Tension motors at Fibrizer have been installed.
- Planetary drivers are installed at Mills & in Boiling House.
- Variable DC drives motors are installed at milling tandems for better efficiency.
- Automation is done at Milling & Boiler plant for energy consumption.
- High Pressure Sodium vapour lamps/ Compact Fluorescent lamps/tube lights have been fitted which has reduced energy consumption.
- Automation of Superheating control system and at Milling & Boiler plants.
- Four Power Turbines with aggregate generation capacity of 43 Mega Watt Back Pressure/ Condensing cum Extraction with High Tension Alternator sets have been installed.
- Additional Power Capacitors in the Power houses have reduced power consumption.
- Upgradation of automation at Mills and boiler to improve efficiencies.
- Big sized motors have been installed in place of small sized motors to improve efficiencies.
- 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

- 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.
- 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	
A. Power and Fuel Consumption:	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 steam is generated by use of own bagasse.	Not applicable, as steam is generated by use of own bagasse.	
Rate / Unit	Rs./KWH			
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. Consumption per unit of production:				
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).

Bajaj Hindusthan Sugar and Industries Limited

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

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

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

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

3. Future plan of actions

- Replacement of old and deteriorating varieties with new and high yielding ones.
- Technology development for low-lying water logged areas.

- Mechanization of sugarcane planting, inter-culture operations and fertilizer application.
- Integrated nutrient management studies by providing soil lab.
- Wider use of organic manure.
- Development of drainage system for drainage of rain and flood water.
- Development of link road.
- Reduction in transportation cost of cane by increasing cane intensity in the Gate area.
- Integrated pest management by establishing Biological lab and adoption of tissue culture system for rapid multiplication of seed material.
- Regular village Meetings /Training Program to educate the cane growers.
- Replacement of old planting technique.
- 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

- Efforts in brief, made towards technology absorption, adaptation and innovation: Not Applicable
- Benefit derived as a result of the efforts: Not Applicable
- Information regarding technology imported during the last 5 years:
 - Technology imported: None
 - Year of import: Not Applicable
 - Has technology been fully absorbed: Not Applicable
 - If not fully absorbed, area where this has not taken place, reason therefore, and future plans of action : Not Applicable

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
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.								
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. 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.								
1	Mr. P. C. Bansal	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:

- 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.
- None of the above employees are related to any Director or Manager of the Company.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED as at September 30, 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 September 30, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on September 30, 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 September 30, 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.

Bajaj Hindusthan Sugar and Industries Limited

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;
- 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) (a) On the basis of the audit procedures applied by us, and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered;
- (b) The transactions so entered, aggregating in excess of Rs. 5,00,000/- in respect of each party during the year, have been, in our opinion, as per the information and explanations given to us, made at prices, which are reasonable, having regard to the prevailing market prices available with the Company for such transactions or prices at which transactions for similar goods have been made with other parties at the relevant time;
- 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.	
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
I. Sources of Funds:				
Shareholders' Funds				
Capital	1	118.00		118.00
Stock Options Outstanding		161.77		161.77
Reserves & Surplus	2	3,590.47		3,649.88
			3,870.24	3,929.65
Loan Funds				
Secured Loans	3	6,391.60		6,471.34
Unsecured Loans	4	4,070.60		4,054.10
			10,462.20	10,525.44
Total			14,332.44	14,455.09
II. Application of Funds:				
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
			13,253.59	12,650.76
Investments	6		0.01	0.01
Deferred Tax (Net) (Refer Note 7)			595.45	550.03
Current Assets, Loans & Advances				
Inventories		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
		2,703.21		3,914.52
Less : Current Liabilities & Provisions				
Current Liabilities	8	2,660.86		3,709.38
Provisions		90.39		25.97
		2,751.25		3,735.35
Net Current Assets			(48.04)	179.17
Profit & Loss Account			531.43	1,075.12
Total			14,332.44	14,455.09
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
Chandresh Chhaya Manager & Company Secretary
Pradeep Kumar Mittal, Gautam Ashra, Pradeep Parakh } Directors

Mumbai, December 15, 2009

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

	Schedule	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
Income :				
Gross Sales	9	3,776.26		3,230.16
Less: Excise Duty		173.25		243.19
Net Sales			3,603.01	2,986.97
Other Income	10		554.78	34.72
			4,157.79	3,021.69
Expenditure :				
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	108.50		137.03
			4,291.14	4,156.98
Profit/(Loss) for the year before Taxation			(133.35)	(1,135.29)
Less: Provision for Taxation:				
Current Tax		-		-
Deferred Tax		(45.42)		(386.07)
Fringe Benefit Tax		1.36		8.26
			(44.06)	(377.81)
Profit/(Loss) for the year			(89.29)	(757.48)
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)		(633.39)		-
			(441.73)	(317.11)
			(531.02)	(1,074.59)
Transfers to :				
Reserve for construction of Molasses Storage Tanks			0.41	0.53
Balance carried to Balance Sheet			(531.43)	(1,075.12)
Basic Earning per Share:				
Net Profit/(Loss)			(89.29)	(757.48)
Weighted Average No. of Shares			118,000,000	103,665,753
Basic Earning per Share in Rupees (Nominal Value Re. 1/- per Share)			(0.76)	(7.31)
Diluted Earning per Share:				
Net Profit/(Loss)			(89.29)	(757.48)
Weighted Average No. of Shares			118,000,000	103,665,753
Diluted Earning per Share in Rupees (Nominal Value Re. 1/- per Share)			(0.76)	(7.31)
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
Chandresh Chhaya Manager & Company Secretary
Pradeep Kumar Mittal, Gautam Ashra, Pradeep Parakh } Directors

Mumbai, December 15, 2009

Cash Flow Statement for the year ended September 30, 2009

	2008-2009 Rs. Million	2007-2008 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES:		
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)
Net Cash from/(used in) operating activities	(290.38)	1,623.04
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(229.73)	(1,806.86)
Sale of Fixed Assets	0.27	-
Net cash used in investing activities	(229.46)	(1,806.86)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
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)	-
Net cash from financing activities	(677.54)	685.77
Net increase/(decrease) in cash and cash equivalents	(1,197.38)	501.95
Cash and Cash equivalents as at October 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

Chandresh Chhaya
Manager & Company Secretary

Pradeep Kumar Mittal
Gautam Ashra
Pradeep Parakh } Directors

Mumbai, December 15, 2009

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
Schedule 1 - Capital		
Authorised:		
100,00,00,000 (40,00,00,000) Equity Shares of Re. 1/- each	1,000.00	400.00
Issued, Subscribed & Paid up:		
11,80,00,00,000 Equity Shares of Re. 1/- each	118.00	118.00
	<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 (FCCBs).

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:

1. 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.
2. 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.
3. "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.
4. 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 Ultraula 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
Schedule 4 - Unsecured Loans		
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 Particulars	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
	Total	13,486.04	1,283.88	2.23	14,767.69	899.35	802.08	1.57	1,699.86	13,067.83	12,586.69
	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
	Total	13,550.11	1,473.72	70.38	14,953.45	899.35	802.08	1.57	1,699.86	13,253.59	12,650.76
	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
Total	64.07	189.84	68.15	185.76

	As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million		As at Sept. 30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million
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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

Schedule 7 - Current Assets, Loans & Advances

Current Assets :

(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
	1,071.43	1,200.05
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months	-	-
Other Debts	50.93	73.34
	50.93	73.34
(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)		
	57.74	1,255.12

Loans and Advances (Unsecured, considered good unless otherwise stated):

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
	1,523.11	1,386.01
	2,703.21	3,914.52

Schedule 8 - Current Liabilities & Provisions

A. Current Liabilities:

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
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'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. Provisions:

For Employee benefits	30.57	25.97
For Premium on redemption of FCCBs	59.82	-
	90.39	25.97
	2,751.25	3,735.35

Bajaj Hindusthan Sugar and Industries Limited

	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
Schedule 9 - Gross Sales			
Sales:			
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>
Schedule 10 - Other Income			
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>
Schedule 11 - Raw Materials Consumed			
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>
Schedule 12 - Manpower Cost			
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>
Schedule 13 - Other Expenses			
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>

	Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
Schedule 14 - Interest & Finance Charges (Net)			
Interest:			
On Term Loans		225.18	151.19
On Working Capital Loans		26.74	79.53
Others		489.32	235.90
		<u>741.24</u>	<u>466.62</u>
Less: Interest Income Gross (Tax Deducted at Source Rs. 5.95 Million, Previous year Rs.Nil)			
On Others		22.13	1.17
		<u>22.13</u>	<u>1.17</u>
		<u>719.11</u>	<u>465.45</u>
Add: Finance charges		2.91	7.04
		<u>722.02</u>	<u>472.49</u>
Schedule 15 - Decrease in Stocks			
Opening Stock:			
Finished Goods		983.50	228.00
By-product		41.96	8.94
		<u>1,025.46</u>	<u>236.94</u>
Add: Stock out of Trial Production:			
Finished Goods		-	825.54
Materials in process		-	53.59
By-product		-	76.13
		<u>-</u>	<u>955.26</u>
Less: Closing Stock:			
Finished Goods		748.05	983.50
By-product		145.95	41.96
		<u>894.00</u>	<u>1,025.46</u>
		<u>131.46</u>	<u>166.74</u>
Add/(Less): Excise Duty on Increase Decrease in stocks of Finished Goods		(22.96)	(29.71)
		<u>108.50</u>	<u>137.03</u>
Schedule 16 - Notes forming part of the accounts			
		2008-2009 Rs. Million	2007-2008 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
i. Sugarcane		1,308,396	1,868.69
ii. Molasses		83,805	103.77
		<u>1,392,201</u>	<u>1,972.46</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
i. Spare Parts & Components (Indigenous)		2.87	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	
		Total	
1. Salary, etc.		1.68	
2. Contribution to Provident Fund & Gratuity Schemes		(1.48)	
		0.07	
		(0.05)	
Total		1.75	
		(1.53)	

Bajaj Hindusthan Sugar and Industries Limited

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.

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

Transactions	Rs. Million				
	Holding Company	Fellow Subsidiary Company	Directors	Key Management Personnel	Total
I. Transaction during the year					
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)
II. Amounts Outstanding at the Balance Sheet date					
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.

Deferred Taxation:	Rs. Million		
	As at Oct. 1, 2008	During the year	As at Sept. 30, 2009
Deferred Tax Liabilities:			
Depreciation	970.12	423.50	1,393.62
Total	970.12	423.50	1,393.62
Deferred Tax Assets:			
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
Net Deferred Tax Assets	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	2007-2008
	Rs. Million	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	-	-
Total	3,880.49	3,145.66
Less: Inter-segment Revenue	277.48	158.69
Net Sales/Income from Operations	3,603.01	2,986.97
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	-	-
Total	214.06	(29.44)
Less: Interest (Net)	722.02	472.49
Less: Other un-allocable income net of un-allocable expenditure	(374.61)	633.36
Total Profit before Tax	(133.35)	(1,135.29)
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
Total	15,956.81	16,567.14
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
Total	2,751.25	3,737.20
4. Capital Expenditure:		
a. Sugar	1,259.64	824.31
b. Distillery	70.75	3.55
c. Power	75.18	504.69
d. Unallocated	-	-
Total	1,405.57	1,332.55
5. Depreciation:		
a. Sugar	724.86	417.47
b. Distillery	43.20	42.97
c. Power	34.02	13.88
d. Unallocated	-	-
Total	802.08	474.32
6. Non Cash Expenditure other than Depreciation:		
a. Sugar	Nil	Nil
b. Distillery	Nil	Nil
c. Power	Nil	Nil
d. Unallocated	Nil	Nil
Total	Nil	Nil

Other disclosures:

1. The Company caters mostly to Indian markets and as such there are no reportable geographical segments. All the assets are also located in India.
2. Segments have been identified in line with the Accounting Standard - 17 "Segment Reporting" taking into account the organisation structure as well as differing risks and returns.
3. The Segment Revenue, Results, Assets and Liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
4. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material. 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 Quantity	Reprocessing Loss/Shortage Quantity	Sales		Closing Stock As at September 30, 2009	
				Quantity	Value			Quantity	Value	Quantity	Value
1.	Sugar	Not Applicable	TCD	M.Tonnes	Rs. Million	M.Tonnes	M.Tonnes	M.Tonnes	Rs. Million	M.Tonnes	Rs. Million
			40,000	54,489	966.76	114,863	171	142,847	3,227.74	26,334	652.62
			(40,000)	(13,958)	(198.91)	(139,546)	(48)	(153,555)	(2,510.35)	(54,489)	(966.76)
2.	Alcohol	Kilo Litres per annum	KL/Per Day	Kilo Litres	Rs. Million	Kilo Litres	Kilo Litres	Kilo Litres	Rs. Million	Kilo Litres	Rs. Million
			48,000	1,031	16.75	20,399	90	17,202	415.70	4,139	95.44
			(160)	(1,506)	(29.09)	(24,229)	-	(24,703)	(539.60)	(1,031)	(16.75)
3.	Power	Not Applicable	88 MW (Installed)	MW	Rs. Million	MW	MW	MW	Rs. Million	MW	Rs. Million
			8-12 MW (Exportable)	-	-	37,242	447	36,795 [§]	66.99	-	-
			(88 MW Installed)	(-)	(-)	(44,564)	(39)	(44,524)	(16.78)	(-)	(-)
4.	By Products Molasses	Not Applicable	Not Applicable	M.Tonnes	Rs. Million	M.Tonnes	M.Tonnes	M.Tonnes	Rs. Million	M.Tonnes	Rs. Million
			Not Applicable	7,958	41.96	69,914	192	67,033 [*]	52.50	10,647	47.04
			Applicable	(7,355)	(8.94)	(75,287)	(-)	(99,872)	(155.47)	(7,958)	(41.96)
5.	Others	Not Applicable	Not Applicable						13.33		98.90
			Applicable						(7.96)		
Total					1,025.46				3,776.26		894.00
					(236.94)				(3,230.16)		(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.

	(Rs. Million)	
10. Details in respect of gratuity are as under:	2008-2009 (Unfunded)	2007-2008 (Unfunded)
Liability to be recognised in Balance Sheet as on 30.09.09		
Present value of Obligations	23.96	20.41
Fair Value of Plan Assets	0.04	0.61
Net Liability	23.92	19.80
Change in Plan Assets (Reconciliation of Opening & Closing Balances)		
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	(2.02)	(2.27)
Fair Value of Plan Assets as at 30.09.2009	0.04	0.61
Reconciliation of Opening and Closing Balances of obligation		
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	(2.02)	(2.27)
Obligation as at 30.09.2009	23.96	20.41
Expenditure to be recognised during the year		
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	(0.41)	3.67
Total Expenditure included in "Employees Emoluments"	5.52	8.67
Assumptions		
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%
Unfunded Scheme - Earned Leaves		
Particulars	2008-2009 Rs. Million	2007-2008 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:

	2008-09 USD (Million)	2007-08 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	Chandresh Chhaya Manager & Company Secretary	Pradeep Kumar Mittal- Gautam Ashra Pradeep Parakh	} Directors
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Mumbai, December 15, 2009

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:

- 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.
- Financial statements are based on historical cost.

2. Revenue recognition:

- 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.

Bajaj Hindusthan Sugar and Industries Limited

- (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 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 reassess realisation.

- (ii) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

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

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

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

Sources of Funds

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

Application of Funds

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

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

Turnover	Total Expenditure
<input type="text" value="3,776,260"/>	<input type="text" value="4,291,140"/>
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
<input type="text" value="-"/> <input type="text" value="133,350"/>	<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 %
<input type="text" value="(0.76)"/>	<input type="text" value="NIL"/>

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code) -	<input type="text" value="170109"/>
Product Description -	<input type="text" value="SUGAR"/>
Item Code No. (ITC Code) -	<input type="text" value="00002207"/>
Product Description -	<input type="text" value="INDUSTRIAL ALCOHOL"/>

Mumbai, December 15, 2009

Chandresh Chhaya
Manager & Company Secretary

Pradeep Kumar Mittal
Gautam Ashra
Pradeep Parakh } Directors

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Fourth Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2009.

FINANCIAL RESULTS

(Rs. in Million)

Particulars	Current Year
Total Turnover	594.50
Other Income	14.18
Operating Profit/(Loss) (Before Interest, Depreciation, Extraordinary items and Tax)	(239.88)
Interest	193.26
Depreciation	304.99
Profit/(Loss) before tax	(738.13)
Provision for Wealth tax and Fringe Benefit tax	1.38
Profit/(Loss) after tax	(739.51)
Balance Brought Forward	0.00
Balance carried to Balance Sheet	(739.51)

OPERATING RESULTS AND BUSINESS

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

BEPL is one of the only two companies in the world, to manufacture MDF from sugarcane bagasse. The two Medium Density Fibre Board plants (MDF plants) are situated at Palia Kalan, District Lakhimpur Kheri, U.P. and at Kundarkhi, District Gonda, U.P., each having a capacity to manufacture 80,000 m³ boards per annum. The Particle Board plant is situated at Kinauni, District Meerut, U.P., and has a capacity to manufacture 50,000 m³ boards per annum. The combined capacity of all three plants, at 210,000 m³ boards per annum, is the largest in the country, and has been set up at a total cost of around Rs. 3,000 million. BEPL has installed the latest, state-of-art Plant & Machinery, at all three locations, which have been imported brand new, from Europe and China.

During the financial year 2008-09, BEPL has successfully commenced Commercial Operations of manufacturing PB and MDF, from sugarcane bagasse, and launched its "ZERO WOOD, ECO-FRIENDLY PARTICLE BOARDS AND MEDIUM DENSITY FIBRE BOARDS" in the Indian Market, under the brand "Bajaj Boards".

The quality of PB was established from day one and was very well accepted by the market. However, as far as MDF was concerned, the initial production launched in the market, received a major set back, as the users found our boards extremely hard and therefore, difficult to work with. The trade and market in India had apprehensions about viability, quality and strength of MDF boards made from sugarcane bagasse. In order to address these issues and taking a more cautious approach, we designed the product extremely strong, to convey a message to the trade, that bagasse based MDF boards are equally strong and comparable to wood based MDF boards. In-fact, the strength of our bagasse based boards was actually even better than some of the wood based MDF boards being produced, imported and used in the country. However, since the users were not familiar and equipped to work with such strong and hard boards, they found it very difficult to work with our boards.

Consequently, we had to fine tune the production process and also modify few parameters, to resolve this. Besides this, certain sections in the MDF plants were also not stabilizing and had frequent break-downs/stoppages, affecting the continuity in operations, which is so essential to maintain consistency in the quality of the production. With the support of our machinery suppliers, we were also successfully able to resolve this and by December 2008, the plants, processes and more importantly the quality of MDF boards stabilized. The fresh production of MDF boards launched thereafter, have been very well accepted by the market.

However, just when we had successfully resolved the quality issues of MDF boards, and the plants were also gradually stabilizing, in view of worldwide recession and more particularly in real estate and infrastructure sectors, which is the main market for PB and MDF, the demand and consequently prices of PB and MDF boards dropped rapidly. Few countries, in order to keep their plants running, also resorted to dumping their products in India. As a result of this, the prices of PB and MDF boards in India went down by as much as 30%. The threat became so serious, that in February 2009, Government of India imposed Anti Dumping Duty on import of MDF from Sri Lanka, Thailand, Malaysia, China and New Zealand.

The lower realizations of PB and MDF boards, coupled with lower production due to initial quality and plant stabilization issues, were the main reasons for operating loss during the financial year under review.

With the real estate and infrastructure sectors showing signs of recovery, the demand and sales of PB and MDF boards have shown a rising trend in last few months. Further, pursuant to the Anti Dumping Duty imposed by Government of India, imports of MDF boards have also now reduced drastically, which will in turn reduce the pressure on prices of MDF boards.

Your Company has now launched complete range of PB and MDF boards in the market – Plain boards, Pre-laminated boards, Interior Grade, Exterior Grade, and in thicknesses ranging from 6 mm to 25 mm.

Your Company has also received ISI Certifications in respect of its PB and MDF boards manufactured at all three plants. Further, being manufactured from sugarcane bagasse, an agricultural residue, the Bureau of Indian Standards have also accorded "ECO-MARK" to our PB and MDF boards. BEPL has also earned Membership of Indian Green Building Council (IGBC), an organization committed to promote and develop green building concepts, in India. Our PB and MDF boards also enjoy ZERO EXCISE DUTY and CONCESSIONAL VAT in number of states.

With ISI Mark, ECO-MARK and prestigious membership of IGBC, "Bajaj Boards" are now being specified in all major projects of Governments, Banks, Hospitals, Educational Institutions, Hotels, Public Undertakings etc., all across the country.

Your Company has also established country-wide network of distributors and dealers and also have experienced sales and marketing team all across the country. Today, "Bajaj Boards" are available at more than 2,000 outlets in the country, and the list is growing day by day.

"Bajaj Boards" provides a cost effective and sustainable alternative/substitute for wood, plywood and other similar panel products, required for interiors and furniture manufacturing and in the process will significantly reduce deforestation, one of the main culprits of "GLOBAL WARMING". At full production capacity of 210,000 m³, "Bajaj Boards" has a potential to save 400,000 mature trees from being cut every year!

DIVIDEND

Your Directors does not recommend any dividend for the year ended March 31, 2009 in view of carried forward loss.

SHARE CAPITAL

The Company has further issued 2,500,000 Equity Shares of Rs. 10/- each at a price of Rs.100/- per share (including share premium of Rs. 90/- per share) aggregating to Rs. 250 million to Bajaj Hindusthan Limited, the holding company. With this, the issued and paid up capital of the Company stands increased from Rs. 190 million as on March 31, 2008 to Rs. 215 million as on March 31, 2009.

DIRECTORS

During the year under review, Mr. Viral Siddharth Jasubhai and Mr. Vasu R. Ariya, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Yogesh Arora, Whole-time Director of the Company has resigned from the Board of the Company on March 17, 2009. The Board recorded its appreciation for the contribution made by Mr. Yogesh Arora during his tenure of Directorship in the Company.

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.

AUDIT COMMITTEE

The Audit Committee in the Company was constituted on October 03, 2006. In terms of Section 294A(4) of the Companies Act, 1956, we report that the members of the Audit Committee as on date of this report are: (i) Mr. Himanshu Shah; (ii) Mr. Viral Siddharth Jasubhai, and (iii) Mr. Purshottam L. Dadheech.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in preparation of accounts for the Financial Year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors of the Company 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 as at March 31, 2009 and loss of the Company for the year ended on that date;
- that the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the Directors of the Company have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. Dalal & Shah, Chartered Accountants, existing Statutory Auditors will retire at the conclusion of the ensuing (4th) Annual General Meeting and have conveyed 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 4th Annual General Meeting till conclusion of 5th 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.

SUBSIDIARY COMPANY

In September, 2008 the Company purchased entire shareholding of 5,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 50 million of Bajaj Aviation Private Limited from Bajaj Hindusthan Limited. Post completion of share transfer registration formalities, Bajaj Aviation Private Limited has become a wholly owned subsidiary company of the BEPL.

The Audited Statements of Accounts, the Reports of Board of Directors and Auditors of Bajaj Aviation Private Limited is annexed as required under Section 212(1) of the Companies Act, 1956.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the said subsidiary company forms part of this Annual Report.

FIXED DEPOSITS

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

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

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

INDUSTRIAL RELATIONS

The Industrial relations remained cordial during the year.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in Annexure II to the Directors' Report.

ACKNOWLEDGEMENTS

Your Directors place on record their acknowledgement and sincere appreciation of the Shareholders for their confidence in the management of the Company, the State and Central Government Authorities, Banks and Financial institutions for their continued support, the officer and staff of the Company for their relentless and dedicated efforts. We look forward for bright future.

For and on behalf of the Board
BAJAJ ECO-TEC PRODUCTS LIMITED

Mumbai
August 31, 2009

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

Bajaj Eco-Tec Products Limited

ANNEXURE-I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 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

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

For the year ended March 31	2009	
	Particle Boards	MDF Boards
A. Power and Fuel Consumption		
Electricity		
a) Purchased		
Unit	4,471,180	26,764,793
Total amount (Rs. Million)	17.65	95.70
Rate/Unit (Rs.)	3.95	3.58
b) Own Generation through diesel generator		
Unit	124,884	832,239
Unit per litre of diesel oil	3.38	3.17
Total amount (Rs. Million)	1.28	9.72
Rate/Unit (Rs.)	10.28	11.68
B. Consumption per unit of production		
Electricity (Units/Boards in MT)	294	693

The Company has initiated following measures for conservation of energy:

- Side trimmings/cuttings are being utilized to produce thermal energy required in the plant.
- Pith, a waste product, generated at the time of depithing of Bagasse, is utilised as fuel to generate steam in multi fuel boilers.
- All fuel gases and heat from Hot Air Generators & Thermic Fluid Heaters is being utilised to dry fibers and no heat is wasted.
- Plant is fully based on PLC system with the latest temperature and power monitoring instruments and a cut-off system comes into operation as soon as process energy requirements are fulfilled.
- All critical and high rating AC motors are equipped with Variable Frequency Drives (VFD) to monitor and use electrical energy to the minimum possible required in the process.

B. FORM-B

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

A. Research & Development (R&D)

- Specific areas in which R&D is carried out by the Company: N.A.
- Benefits derived as a result of above R&D: N.A.
- Future plan of actions:
Company is planning to do R&D in the areas, whereby the cost of product can be reduced further without compromising with the quality. Further steps are also being taken to find out other alternative use of Bagasse Boards, besides furniture manufacturing.
- Expenditure on R&D: NIL

For the year ended March 31,	2009 (Rs. in Million)
a) Capital	NIL
b) Recurring	NIL
c) Total	NIL
d) Total R&D expenditure as a percentage of total turnover	N.A.

B. Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation	None
2. Benefit derived as a result of the efforts	None
3. Information regarding technology imported during last 5 years	
a) Technology Imported	Yes
b) Year of import	2007-2008
c) Has technology been fully absorbed	Yes
d) If not fully absorbed, areas where this has not taken place, reason therefore, and future plan of action	NA

C. Foreign exchange earning and outgo

(Rs. in Million)

Particulars	2008-09 (12 months)	2007-08 (6 months)
Foreign exchange earnings	NIL	NIL
Foreign Exchange Outgo:		
On account of Import of Capital Goods	14.50	73.06
On account of Interest Payments	59.02	36.48
On account of Import of Raw Material	57.95	71.78
On account of Import of Spare Parts	14.47	1.11
On account of Foreign Travelling expenses	-	0.09
On account of Technical & Professional Consultancy Fees	0.64	0.90
Total Foreign Exchange outgo	146.58	183.42

Statement of Information of Subsidiary Company

Statement under Section 212 of the Companies Act, 1956 for the year ended March 31, 2009.

1. Name of the Subsidiary	Bajaj Aviation Private Limited
2. The Financial Year of the Subsidiary Company ended on	September 30, 2009
3. Holding Company's Interest:	
i) No. of Equity Shares	5,000,000 of Rs. 10/- each
ii) Percentage of Holding	100%
iii) Change in the Holding Company's interest from October 1, 2008 to March 31, 2009	No change.
4. Material Changes in the subsidiary's books from October 1, 2008 to March 31, 2009 in respect of:	
i) Fixed Assets	Additions of Rs. 115.00 million
ii) Investments	—
iii) Moneys lent	—
iv) Moneys borrowed (except for meeting current liabilities)	Additional borrowings of Rs. 65.89 million from holding company
5. The Net Aggregate of Profits / (Losses) of the Subsidiary Company for its Financial Year so far as they concern members of Bajaj Eco-Tec Products Limited.	
Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2009	NIL
Not Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2009	Rs. 1.24 million
6. The Net Aggregate of Profits / (Losses) of the Subsidiary Company up to Previous Financial Year so far as they concern members of Bajaj Eco-Tec Products Limited.	
Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2009	NIL
Not Dealt with the Accounts of Bajaj Eco-Tec Products Limited for the year ended March 31, 2009	Rs. 4.11 million

For and on behalf of the Board
BAJAJ ECO-TEC PRODUCTS LIMITED

Mumbai
August 31, 2009

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

ANNEXURE-II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 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 and the period
1	2	3	4	5	6	7	8	9
A. Employees employed throughout the financial year and who were in receipt of the remuneration for that financial year in the aggregate of not less than Rs.24,00,000 per annum								
1.	Mr. Himanshu Shah	Managing Director	81,33,196	B.Com (Hons.), FCA, Diploma in Business Management (IMC) from Davar's College of Commerce	49	26	01/09/2007	Bajaj Hindusthan Ltd.
2.	Mr. Bhupendra Kumar Arora	President-Operations	27,70,392	B.Sc., B.Tech., Diploma in Programming	61	34	01/11/2007	Professional - Consulting Engineer
B. Employee 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								
1.	Mr. Yogesh Arora	Whole Time Director designated as Director Sales & Marketing and Operations	60,45,634	B.Sc. (Hons.) from Delhi University	53	36	01/09/2007 (resigned w.e.f. 17/03/2009)	Greenply Industries Ltd.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ ECO-TEC PRODUCTS LIMITED, as at March 31, 2009, the Profit and Loss Account annexed thereto and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
 2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
 3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - (c) The Balance Sheet and Cash Flow Statement dealt with by the report is in agreement with the books of account of the Company;
- (d) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report 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 March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 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:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2009;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai: August 31, 2009.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 OF BAJAJ ECO-TEC PRODUCTS 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.
There were no material disposal of assets during the period.
 - ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and at the close of the year;
(b) As explained to us, the procedure followed by the Management for physical verification of the above referred stocks 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 records produced to us for our verification, there were no material discrepancies noticed on physical verification of the inventory as compared to book records and the same have been properly dealt with in the books of account;
 - iii) The Company has neither taken nor granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, except that it had availed loan on current account from its Holding Company i.e. Bajaj Hindusthan Limited, as against which the outstanding balance as at the close of the accounting year amounted to Rs. 397 million;
 - iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets. There were no purchase of inventory except in respect of trading activity, raw material used and goods produced and sold during trial production and sale of goods in the course of trading activity, wherein the internal control procedures were commensurate with the size of the Company and the nature of its business. There was no sale of services during the period. During the course of our audit, no major weaknesses in internal control had come to our notice;
 - v) As informed to us, during the period there were no contracts or arrangements, except for transactions with its Holding Company and fellow subsidiaries which needs to be entered into in the register required to be maintained under Section 301 of the Companies Act, 1956;
 - vi) The Company has not accepted any deposits from public;
 - vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
 - viii) To the best of our knowledge and as explained to us the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section 209 of Companies Act, 1956 for the products of the Company;
 - ix) According to the records of the Company, the Company has been generally regular in depositing with statutory authorities, undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. As explained to us the provisions of statutes governing Employees State Insurance are not applicable during the period. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, at the end of the period for more than six months from the date they became payable and there were no unpaid disputed dues outstanding as at the end of the period;
 - x) As per information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks;
 - xi) 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;
 - xii) 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;
 - xiii) During the period, the Company made preferential allotment of shares to its Holding Company. The price at which the preferential allotment was made is considered not prejudicial to the interest of the Company;
 - xiv) As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the period.
- In view of the nature of activities carried on by the Company clause no. (xiii) of CARO, 2003 is not applicable to the Company. Further in view of the absence of conditions pre-requisite to the reporting requirement of clauses (x), (xii), (xiv), (xv), (xix) and (xx) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai: August 31, 2009.

Bajaj Eco-Tec Products Limited

Balance Sheet as at March 31, 2009

	Schedule	Rs. Million	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million
I. Sources of Funds:				
Shareholders' Funds				
Share Capital	1	215.00		190.00
Reserves & Surplus	2	1,034.10		809.10
			1,249.10	999.10
Loan Funds				
Secured Loans	3	2,626.89		1,705.85
Unsecured Loans	4	397.00		27.56
			3,023.89	1,733.41
Total			4,272.99	2,732.51
II. Application of Funds:				
Fixed Assets				
Gross Block	5	3,143.03		35.71
Less: Depreciation		308.40		3.68
Net Block		2,834.63		32.03
Capital work-in-progress		69.15		2,801.35
			2,903.78	2,833.38
Investments	6		50.00	-
Current Assets, Loans & Advances				
Inventories		538.00		103.42
Sundry Debtors		85.19		0.76
Cash & Bank Balances		26.94		8.78
Loans & Advances		146.14		52.03
		796.27		164.99
Less: Current Liabilities & Provisions				
Current Liabilities	8	208.48		248.09
Provisions		8.09		17.77
		216.57		265.86
Net Current Assets			579.70	(100.87)
Profit and Loss Account			739.51	-
Total			4,272.99	2,732.51
Notes Forming part of the accounts	15			

As per our attached report of even date

For and on behalf of

DALAL & SHAH
Chartered Accountants

Himanshu Shah
Managing Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, August 31, 2009

Dr. Sanjeev Kumar
Director

Profit & Loss Account for the year ended March 31, 2009

	Schedule	Rs. Million	2008-2009 (12 Months) Rs. Million	2007-2008 (6 Months) Rs. Million
Income:				
Sales			594.50	-
Other Income	9		14.18	-
			608.68	-
Expenditure:				
Raw Materials Consumed	10		447.24	-
Manpower Cost	11		156.74	-
Other Expenses	12		450.33	-
Interest & Finance charges	13		193.26	-
Depreciation			304.99	-
(Increase)/Decrease in Stocks	14		(205.75)	-
			1,346.81	-
Profit/(Loss) for the period before Taxation				
			(738.13)	-
Taxation:				
Provision for Wealth Tax		0.04		-
Provision for Fringe Benefit Tax		1.34		-
			1.38	-
Profit/(Loss) for the period				
			(739.51)	-
Balance carried to Balance Sheet			(739.51)	-
Basic/Diluted Earning Per Share:				
Net Profit			(739.51)	-
Weighted Average No. of Shares			11,500,000	-
Basic & Diluted Earning Per Share in Rupees (Face Value Rs.10/- each)			(64.30)	-
Notes Forming part of the accounts	15			

As per our attached report of even date

For and on behalf of

DALAL & SHAH
Chartered Accountants

Himanshu Shah
Managing Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, August 31, 2009

Dr. Sanjeev Kumar
Director

SCHEDULES FORMING PART OF ACCOUNTS

Schedules 1 to 14 annexed to and forming part of the Balance Sheet as at March 31, 2009 and Profit & Loss Account for the year ended on that date.

	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million
Schedule 1 - Share Capital		
Authorised:		
Equity		
81,000,000 (81,000,000) Equity Shares of Rs. 10/- each	810.00	810.00
Preference		
10,000,000 (10,000,000) Preference Shares of Rs. 10/- each	100.00	100.00
	<u>910.00</u>	<u>910.00</u>
Issued, Subscribed & Paid up:		
Equity		
11,500,000 (9,000,000) Equity Shares of Rs. 10/- each fully paid-up	115.00	90.00
Preference		
10,000,000 (10,000,000) 7% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up	100.00	100.00
of the above:		
a) 76,45,000 shares are redeemable at par on September 30, 2016; and		
b) 23,55,000 shares are redeemable at par on May 31, 2017.		
(The entire paid-up Equity and Preference Share Capital is held by Bajaj Hindusthan Ltd., the Holding Company)		
	<u>215.00</u>	<u>190.00</u>

	Balance as on 01.04. 2008	Additions* during the year	Deductions during the year	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million
Schedule 2 - Reserves and Surplus					
Share Premium	809.10	225.00	-	1,034.10	809.10
	<u>809.10</u>	<u>225.00</u>	<u>-</u>	<u>1,034.10</u>	<u>809.10</u>

*Addition to Share Premium account represents Premium received on 22,500,000 Equity Shares of Rs. 10/- each issued during the year.

	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million
Schedule 3 - Secured Loan		
Working Capital Loan from Banks	539.69	73.93
Term Loan from Banks	<u>2,087.20</u>	<u>1,631.92</u>
	<u>2,626.89</u>	<u>1,705.85</u>

Notes:

- Working Capital Loan from Banks are secured, on first *pari passu* charge basis, by hypothecation of present and future inventories, book debts and other receivables and further secured, on a second *pari passu* charge basis, by hypothecation of the whole of present and future movable fixed assets and properties and also secured, on a second *pari passu* charge basis, by mortgage on the whole of present and future immovable fixed assets and properties of the Company.
- Term loans from Banks are secured/to be secured, on first *pari passu* charge basis, by hypothecation of the whole of the present and future movable fixed assets and properties including plant and machinery, machinery spares, tools and accessories and other movables of the Company and also secured/to be secured, on first *pari passu* charge basis, by mortgage (by deposit of title deeds) on the whole of present and future immovable fixed assets and properties. Documentation for mortgage in respect of a term loan/certain properties is under finalisation.

Schedule 4 - Unsecured Loan

From Holding Company		
- Bajaj Hindusthan Limited	397.00	27.56
(includes interest accrued Rs. Nil (Previous year Rs. Nil))	<u>397.00</u>	<u>27.56</u>

(Rs. Million)

Schedule 5 - Fixed Assets

Sr. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 1, 2008	Additions	Deduction & Adjustments	As at March 31, 2009	As at April 1, 2008	For the Year	Deduction & Adjustments	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
1	Land (Freehold)	11.24	1.42	-	12.66	-	-	-	-	12.66	11.24
2	Buildings	-	920.69	-	920.69	-	81.55	-	81.55	839.14	-
3	Plant & Machinery	6.26	2,172.53	-	2,178.79	0.47	215.91	-	216.38	1,962.41	5.79
4	Furniture & Fixtures	3.46	3.16	-	6.62	0.18	2.94	-	3.12	3.50	3.28
5	Office Equipments	6.73	4.26	-	10.99	1.39	2.63	-	4.02	6.97	5.34
6	Vehicles	7.03	2.19	0.76	8.46	1.61	1.66	0.27	3.00	5.46	5.42
7	Electrical Fittings	0.99	3.83	-	4.82	0.03	0.30	-	0.33	4.49	0.96
	Total	35.71	3,108.08	0.76	3,143.03	3.68	304.99	0.27	308.40	2,834.63	32.03
	Previous Year Total	23.85	11.86	-	35.71	1.74	1.94	-	3.68	32.03	22.11
8	Capital Work in progress	2,801.35	171.57	2,903.77	69.15	-	-	-	-	69.15	2,801.35
	Total	2,837.06	3,279.65	2,904.53	3,212.18	3.68	304.99	0.27	308.40	2,903.78	2,833.38
	Previous Year	1,905.78	957.54	26.26	2,837.06	1.74	1.94	-	3.68	2,833.38	1,904.04

- Note: (i) Leasehold Land includes Land taken on Lease for 29 years at a lease rent of Re. 1/- per annum.
(ii) Capital work-in-progress includes the following:

	As at April 1, 2008	For the Year	Capitalised/ Transferred	As at March 31, 2009
Capital Work in Progress:				
Advance to Suppliers/ Contractors/CWIP	2,426.44	195.90	2,553.19	69.15
Plant & Machinery/CWIP	-	-	-	-
Preoperative Expenses				
Manpower Cost	80.11	(11.46)	68.65	-
Power and Fuel	4.17	-	4.17	-
Rent	0.02	-	0.02	-
Rates and Taxes	0.33	-	0.33	-
Insurance	8.57	-	8.57	-
Trial Run Expenses/Loss	52.58	-	52.58	-
Miscellaneous Expenses	180.16	(10.26)	169.90	-
Interest	66.46	-	66.46	-
Depreciation	3.66	-	3.66	-
	396.06	(21.72)	374.34	-
Add:				
Purchase of Goods - Trading	9.20	(9.20)	-	-
	405.26	(30.92)	374.34	-
Less:				
Sale of Goods - Trading	6.59	(6.59)	-	-
	398.67	(24.33)	374.34	-
Less:				
Interest on Fixed Deposits & Investments	23.76	-	23.76	-
Sub Total Preoperative Expenses	374.91	(24.33)	350.58	-
Total	2,801.35	171.57	2,903.77	69.15

Bajaj Eco-Tec Products Limited

	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million
Schedule 6 - Investments (At Cost)		
Long Term Investments :		
- Other than Trade		
Unquoted, Fully Paid Equity Shares (in wholly owned Subsidiary Company) 5,000,000 (NIL) Shares of Bajaj Aviation Pvt. Ltd. of Rs.10/- each	50.00	–
	<u>50.00</u>	<u>–</u>
Schedule 7 - Current Assets, Loans & Advances		
Current Assets :		
(a) Inventories (As certified by the Management)		
(i) Stores, Spare Parts and Packing Materials	50.83	4.34
(ii) Raw Material	223.57	41.23
(iii) Finished Stock*	122.04	14.02
(iv) Materials-in-Process*	141.56	43.83
	<u>538.00</u>	<u>103.42</u>
* Previous period figures are for Stock out of Trial Run		
(b) Sundry Debtors (Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Good	0.89	–
Other Debts	84.30	0.76
	<u>85.19</u>	<u>0.76</u>
(c) Cash and Bank Balances		
Cash in hand	0.87	0.41
Balance with Scheduled Banks:		
In Current Accounts	26.07	8.24
In Fixed Deposits (including interest accrued thereon)	–	0.13
	<u>26.94</u>	<u>8.78</u>
(d) Loans and Advances (Unsecured, considered good unless otherwise stated)		
Advance to wholly owned Subsidiary (Bajaj Aviation Private Limited) (Maximum Dr. balance during the year Rs. 65.89 million- Previous year Rs. NIL)	65.89	–
Advances (recoverable in cash or in kind or for value to be received)	69.42	43.97
Deposits	1.09	2.15
Advance payments of Tax	9.74	5.91
	<u>146.14</u>	<u>52.03</u>
	<u>796.27</u>	<u>164.99</u>
Schedule 8 - Current Liabilities and Provisions		
A. Current Liabilities:		
Sundry Creditors (including capital suppliers/contractors of Rs. 36.20 million (Previous year Rs. 130.14 million))	191.89	202.22
(In the absence of information available with the Company relating to registration status of suppliers under Micro, Small and Medium Enterprises Development Act, 2006 the disclosure as required under Schedule VI to the Companies Act, 1956 (as amended) has not been made)		
Overdraft from Current Account	0.09	24.86
Interest Accrued but not due	16.12	21.01
Deposits	0.38	–
	<u>208.48</u>	<u>248.09</u>
B. Provisions:		
For Gratuity	2.41	0.79
For Leave Encashment	3.26	2.08
For Taxation	2.42	1.05
For Foreign Exchange Gain	–	13.85
	<u>8.09</u>	<u>17.77</u>
	<u>216.57</u>	<u>265.86</u>

	2008-2009 (12 Months) Rs. Million	2007-2008 (6 Months) Rs. Million
Schedule 9 - Other Income		
Miscellaneous Receipts (Refer Note No. 9)	14.18	–
	<u>14.18</u>	<u>–</u>
Schedule 10 - Raw Materials Consumed		
Opening Stock	41.24	–
Purchases	629.57	–
	<u>670.81</u>	<u>–</u>
Less: Closing Stock	223.57	–
	<u>447.24</u>	<u>–</u>
Schedule 11 - Manpower Cost		
Salaries & Wages	137.35	–
Contribution to Provident and other funds and schemes	6.63	–
Employee's Welfare Expenses	12.76	–
	<u>156.74</u>	<u>–</u>
Schedule 12 - Other Expenses		
Stores, Spares and Packing Materials consumed	70.61	–
Power and Fuel	151.09	–
Repairs :		–
Building	4.69	–
Machinery	16.65	–
Others	1.13	–
	<u>22.47</u>	<u>–</u>
Payment to Auditors for:		–
Audit fees	0.11	–
Tax audit fees (including Rs. 0.02 million for previous year)	0.04	–
Certification work	0.06	–
	<u>0.21</u>	<u>–</u>
Insurance	6.99	–
Loss on Foreign Exchange Fluctuation (Net)	14.99	–
Selling & Distribution	126.95	–
Miscellaneous Expenses (includes Rs. 24.34 million pertains to Pre-commercial period)	57.01	–
Loss on Assets Sold/Discarded	0.01	–
	<u>450.33</u>	<u>–</u>
Schedule 13 - Interest and Finance Charges		
Interest :		–
Term Loans	158.72	–
Working Capital Loans	25.96	–
	<u>184.68</u>	<u>–</u>
Add: Finance charges	8.58	–
	<u>193.26</u>	<u>–</u>
Schedule 14 - (Increase)/Decrease in Stocks		
Opening Stock*:		–
Finished Goods	14.02	–
Materials in process	43.83	–
	<u>57.85</u>	<u>–</u>
Less: Closing Stock:		–
Finished Goods	122.04	–
Materials in process	141.56	–
	<u>263.60</u>	<u>–</u>
	<u>(205.75)</u>	<u>–</u>

* Opening Stock is Stock out of trial production.

Schedule 15 - Notes Forming Part of Accounts

A. Significant Accounting Policies

1. System of Accounting:
 - (i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except in case of significant uncertainties.
 - (ii) Financial Statements are prepared on Historical Cost basis.
2. Revenue Recognition
Revenue is recognised when the significant risks & rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of Sales Tax.
3. Fixed Assets and Depreciation:
 - (a) Fixed Assets:
 - (i) Fixed Assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except freehold 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 the head "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.
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 Material is valued at cost or net realisable value whichever is lower. Cost is arrived at on weighted average basis.
 - (ii) Stock of Material-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.
6. Foreign Currency Transactions:
Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary Foreign Currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the Balance Sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the Profit & Loss Account. However, in respect of long-term foreign currency monetary items, the exchange difference relating to acquisition of capital assets, in line with notification referred to in note no. 9 has been adjusted to the capital assets.
7. Employee benefits:
 - A. Short-term Employee Benefits are recognised as expense at the undiscounted value in the Profit and Loss Account of the year in which the related service is rendered.
 - B. Retirement Benefits:
 - (a) Retirement benefits in the form of Provident Fund/Family Pension Fund, which are Defined Contribution Plans, are accounted on accrual basis and charged to the Profit and Loss Account of the year.
 - (b) Liabilities in respect of retirement benefits in the form of Gratuity and Leave Encashment, which are Defined Benefit Plans, are determined and accrued on the basis of an independent actuarial valuation applying the Projected Unit Credit Method.
 - (c) Actuarial gains/losses arising during the year are recognised in the Profit and Loss Account of the year.
8. Borrowing Cost:
Borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use and other borrowing costs are charged to the Profit and Loss Account.
9. Taxation:
 - (a) 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'.
 - (b) 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 assets is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.
10. 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.

B. Notes on Accounts

	As at March 31, 2009 Rs. Million	As at March 31, 2008 Rs. Million		
1. Contingent Liabilities not provided for:	2,254.08	2,254.08		
(i) The Company has procured Imported as well as Indigenous Capital Goods under Export Promotion and Capital Goods Scheme (EPCG). The Export Obligation pending against such EPCG licenses.				
(ii) On account of preference dividend	16.40	-		
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)	-	112.54		
	2008-09 (12 Months) Rs. Million	2007-08 (6 Months) Rs. Million		
3. (a) CIF Value of Import of				
Capital Goods	14.50	73.06		
Raw Material etc.	57.95	71.78		
Spare Parts	14.47	1.11		
(b) FOB value of exports	Nil	Nil		
(c) Expenditure in Foreign Currency towards:				
- Interest Payments	59.02	36.48		
- Foreign Travelling Expenses	-	0.09		
- Technical & Professional Consultancy Fees	0.64	0.90		
4. Value of imported and indigenous Spare Parts & Components and percentage to the total consumption				
Particulars	2008-09 (12 Months) Rs. Million	%	2007-2008 (6 Months) Rs. Million	%
- Spare parts & Components (indigenous)	7.33	34	Nil	Nil
- Spare parts & Components (imported)	14.47	66	Nil	Nil
Total	21.80	100	Nil	Nil
5. The disclosures pursuant to Accounting Standard-15 (AS-15) 'Employee Benefits' is stated herein below:				
A) Defined Contribution Plans:				
(a) Contribution to Employees Provident Fund and Pension Fund is made to the related authorities.				
B) Defined Benefit Plans:				
	2008-09 Rs. Million (12 Months)		2007-2008 Rs. Million (6 Months)	
I. Gratuity:				
Provision for Gratuity has been made in the accounts based on the report of Actuary as at March 31, 2009. Details under the AS-15 to the extent applicable is furnished below:				
(a) Changes in the Present Value of the Defined Benefits Obligation				
Present value of Defined Benefit Obligation at the beginning of the year	0.53		-	
Present value of Defined Benefit Obligation at the end of the year	2.41		0.53	
(b) Balance Sheet Reconciliation				
Net Liability at the beginning of the year	0.79		0.26	
Add: Revised Actuarial Valuation for Previous year	0.24		-	
Expenses Recognised	1.38		0.53	
Net Liability at the end of the year	2.41		0.79	
(c) Amount recognised in the Profit & Loss Account				
Expenses recognised in the Statement of Profit & Loss Account	1.38		0.53	

Bajaj Eco-Tec Products Limited

	2008-09 Rs. Million (12 Months)	2007-2008 Rs. Million (6 Months)
(d) Actuarial Assumption		
Discount Rate	8.00%	7.50%
Expected rate of return on Plan Assets	0.00%	0.00%
Salary Escalation Rate	5.00%	5.00%
Expected Average remaining working lives of employees (years)	22.94	23.55

Withdrawal Rates Varying between 2% pa and 1% pa depending on duration and age of the employees

There being no transitional liability on implementation of AS-15, no adjustment is made to the opening reserve.

II. Leave Encashment

In accordance with AS-15, the Company has fully provided for its liability determined on the basis of Actuarial Valuation carried out as at the year end in accordance with the AS-15.

6. The disclosures in respect of Related Parties as per Accounting Standard-18 (AS-18) 'Related Party Disclosures' is as stated herein below:

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

a. Holding & Subsidiary Companies

Holding Company:

- Bajaj Hindusthan Limited

Subsidiary Company

- Bajaj Aviation Private Limited (Formerly known as Bajaj Hindusthan Holdings Private Limited)

Fellow Subsidiary Companies:

- Bajaj Hindusthan Sugar & Industries Limited (BHSIL)

- Bajaj International Participações Ltda

- Bajaj Hindusthan (Singapore) Private Limited

- Bajaj Eco Chem Products Private Limited

b. Directors

- | | |
|------------------------------------|--|
| (i) Mr. Kushagra Bajaj | Chairman (Also a Key Management Personnel) |
| (ii) Mr. Himanshu Shah | Managing Director (Also a Key Management Personnel) |
| (iii) Mr. P.L. Dadheech | Director |
| (iv) Dr. Sanjeev Kumar | Director |
| (v) Mr. Yogesh Arora | Whole Time Director (Also a Key Management Personnel) resigned on March 17, 2009 |
| (vi) Mr. Vasu R. Ariya | Director |
| (vii) Mr. Viral Siddharth Jasubhai | Director |

B) Transactions with the related parties

	Holding Company	Subsidiary Companies	Key Management Personnel	Total
Transactions during the year				Rs. Million
Purchase of Raw Material	3.36 (2.14)	2.41 (0.56)	- (-)	5.77 (2.70)
Purchase of Power/Steam	66.33 (11.01)	54.53 (-)	- (-)	120.86 (11.01)
Purchase of Capital Goods	0.41 (0.08)	- (-)	- (-)	0.41 (0.08)
Interest on Non Convertible Debentures	- (1.54)	- (-)	- (-)	- (1.54)
Payment of Remuneration to Managerial Personnel	- (-)	- (-)	14.30 (6.30)	14.30 (6.30)
Investment in Shares of Subsidiary	- (-)	50.00 (-)	- (-)	50.00 (-)
Investment by Bajaj Hindusthan Ltd. (Shares)	25.00 (103.55)	- (-)	- (-)	25.00 (103.55)
Investment by Bajaj Hindusthan Ltd. (Securities Premium)	225.00 (720.00)	- (-)	- (-)	225.00 (720.00)
Bank Guarantee	1.50 (1.50)	- (-)	- (-)	1.50 (1.50)
Loan Given	- (-)	65.89 (-)	- (-)	65.89 (-)
Loan Taken	707.00 (546.50)	- (-)	- (-)	707.00 (546.50)
Loan Repaid*	337.56 (888.29)	- (-)	- (-)	337.56 (888.29)

* Includes opening advance of Rs. 27.56 million

Amount Outstanding at Balance Sheet date

	Holding Company	Subsidiary Companies	Key Management Personnel	Total
Loan Taken from Holding Company	397.00 (27.56)	- (-)	- (-)	397.00 (27.56)
Loan Given	- (-)	65.89 (-)	- (-)	65.89 (-)
Corporate Guarantee Received from Holding Company*	575.87 (484.04)	- (-)	- (-)	575.87 (484.04)

* Bajaj Hindusthan Ltd. (Holding Company) has furnished, on behalf of the Company, Corporate Guarantee aggregating to Rs. 740 million in favour of ICICI Bank Ltd. for credit facility given to the Company.

Notes:

- Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.
- Previous Year figures are shown in brackets and pertains to pre commercial period.

7. Detailed Quantitative Information:

(a) Raw Material Consumed

Particulars	Units	2008-2009		2007-2008	
		Qty.	Rs. Million	Qty.	Rs Million
-Bagasse	MT	161,737	98.54	Nil	Nil
-Paper	Kgs	221,756	42.16	Nil	Nil
-Paper (Agro based)	Mtrs	11,650	0.63	Nil	Nil
-Formaldehyde	Kgs	8,410,852	109.44	Nil	Nil
-Melamine	Kgs	262,848	22.55	Nil	Nil
-Urea	Kgs	4,644,700	107.73	Nil	Nil
-Wax	Kgs	389,955	29.07	Nil	Nil
-Others			37.12	Nil	Nil
			447.24		

(b) Value of imported and indigenous Raw Material consumed and percentage to the total consumption

Particulars	2008-09		2007-2008	
	Rs. Million	%	Rs. Million	%
- Raw Material (indigenous)	404.45	90	-	-
- Raw Material (imported)	42.79	10	-	-
Total	447.24	100	-	-

c) Finished Goods (in Nos.)

Product	Opening Stock as at April 1, 2008*		Sales/Samples		Closing Stock As at March 31, 2009	
	Quantity	Rs. Million	Quantity	Rs. Million	Quantity	Rs. Million
OWN MANUFACTURED						
Medium Density Fibre Boards	16 (-)	0.01 (-)	711,680 (1,608)	406.45 (-)	223,901 (16)	106.98 (0.01)
Particle Boards	1,662 (-)	14.01 (-)	228,632 (3,865)	188.06 (-)	16,303 (1,662)	15.06 (14.01)
Total		14.02		594.50		122.04

(The quantity is given in Nos. and the figures for Previous Year are shown in brackets)

* Opening Stock is out of trial run

d) Capacity and Production

Product	Unit	Licensed Capacity	2008-2009	
			Installed Capacity	Actual Production
Medium Density Fibre Boards	MT	Not Applicable	120,000	39,798
Particle Boards	MT	Not Applicable	35,000	15,640

(The figures for Previous Year are not applicable as commercial production commenced w.e.f. 07.04.2008.)

8. (a) Included under the head "Manpower Cost" in the Profit and Loss Account director's remuneration paid/payable to Managing Director and whole Time Director as a under:

Rs. Million

Particulars	Managing Director		Whole time Director*		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Salary, etc.	6.68	3.06	5.00	2.18	11.68	5.24
Contribution to Provident Fund	0.30	0.15	0.21	0.11	0.51	0.26
Other Allowances & Perquisites incl. Superannuation	1.15	0.33	0.84	0.27	1.99	0.60
Provision for Gratuity	0.12	0.08	-	0.12	0.12	0.20
Total **	8.25	3.62	6.05	2.68	14.30	6.30

* The Whole Time Director Mr.Yogesh Arora has resigned w.e.f. March 17, 2009.

** Shareholders at the Extraordinary General Meeting held on September 30, 2008 have approved incremental remuneration to the Managing Director w.e.f. April 1, 2008. Pending approval from Central Government, for which necessary application has been made, no provision in the books of accounts has been made.

9. In compliance with the notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company has exercised the option as inserted by para-46 to the Accounting Standard-11, "The Effect of Changes in Foreign Exchange Rates". Accordingly foreign exchange loss of Rs. 156.98 million for the period April 2008 to March 2009 has been adjusted to Capital Assets. As a result of this depreciation for the year is higher by Rs. 15.96 million and loss is lower by Rs.15.96 million. Provision for Exchange Fluctuation of Rs.13.85 million now not required, has been written back to the Profit and Loss Account and reflected under the head "Other Income".
10. The Company is required to appoint whole time Company Secretary under the provisions of Section 383A of the Companies Act. The Company has already initiated the process of recruitment of suitable person.

11. **Disclosure in respect of derivative instruments:**

Derivative instruments outstanding as at March 31, 2009 are as under:

Rs. Million

Particulars	Currency	#Hedged	Unhedged	Total
External Commercial Borrowings (Equivalent Currenct Swap JPY 2,433,000,000)	USD	3.50	16.50	20.00
Buyers Credit	USD	-	8.59	-
Buyers Credit	EURO	-	2.05	-

All the Derivative instruments have been acquired for hedging purposes.

12. Previous year figures have been regrouped and rearranged wherever considered necessary.
13. Figures of the previous year are for six months i.e. from October 1, 2007 to March 31, 2008 thus figures of current year are not comparable with that of previous period.
14. Cash Flow Statement is annexed to this Schedule as Annexure - A.

As per our attached report of even date

For and on behalf of

DALAL & SHAH
Chartered Accountants

Himanshu Shah
Managing Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, August 31, 2009

Dr. Sanjeev Kumar
Director

Bajaj Eco-Tec Products Limited

Cash Flow Statement for the year ended March 31, 2009

Annexure 'A' referred to in Note No. 14 in Schedule 15 to the Accounts for the year ended March 31, 2009

	2008-2009 (12 Months) Rs. Million	2007-2008 (6 Months) Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before extraordinary items and Taxation	(738.13)	-
Adjustment for:		
Depreciation	304.99	-
Loss on sale of Fixed Assets (Net)	0.01	-
Interest	193.26	-
	<u>498.26</u>	-
Operating Profit before working capital changes	(239.87)	-
Adjustment for:		
Trade and other receivables	(107.59)	-
Inventories	(434.58)	-
Trade payables	48.17	-
Cash generated from operations	(733.87)	-
Direct taxes paid	(3.83)	-
Cash flow before extraordinary items	(737.70)	-
Net cash from/(used in) operating activities	<u>(737.70)</u>	-
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including CWIP)	(469.82)	(932.54)
Net Current Assets	-	(17.63)
Direct taxes paid		(5.31)
Advance for Land	(1.24)	-
Loans Given	(65.89)	-
Sale of Fixed Assets	0.48	-
Sale/Purchase of Investments	(50.00)	-
Net cash used in investing activities	<u>(586.47)</u>	(955.48)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	1,290.48	182.68
Issue of Shares & Premium thereon:		
Equity Shares	250.00	-
Interest paid	(198.15)	1.84
Net cash from financing activities	<u>1,342.33</u>	184.52
Net increase/(decrease) in cash and cash equivalents	18.16	(770.96)
Cash and Cash equivalents at the beginning of the period	8.78	779.74
Cash and Cash equivalents as at March 31, 2009 (Closing Balance)	26.94	8.78

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, August 31, 2009

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

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	Rights Issue
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>
Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="25,000"/>

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

Total Liabilities	Total Assets
<input type="text" value="4,272,982"/>	<input type="text" value="4,272,982"/>

Sources of Funds

Paid-up Capital	Reserves & Surplus
<input type="text" value="215,000"/>	<input type="text" value="1,034,100"/>
Secured Loans	Unsecured Loans
<input type="text" value="2,626,882"/>	<input type="text" value="397,000"/>

Application of Funds

Net Fixed Assets	Investments
<input type="text" value="2,903,776"/>	<input type="text" value="50,000"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="579,698"/>	<input type="text" value="NIL"/>
Accumulated Loss	
<input type="text" value="739,508"/>	

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

Turnover	Total Expenditure
<input type="text" value="608,680"/>	<input type="text" value="1,346,813"/>
+ - Profit /Loss Before Tax	+ - Profit/Loss After Tax
<input type="text" value="-"/> <input type="text" value="738,133"/>	<input type="text" value="-"/> <input type="text" value="739,508"/>

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

Earning Per Share (Basic) in Rs.	Dividend Rate %
<input type="text" value="(64.30)"/>	<input type="text" value="-"/>

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Himanshu Shah
Managing Director

Dr. Sanjeev Kumar
Director

Mumbai, August 31, 2009

DIRECTORS' REPORT

To the Members,

The Directors are pleased to present their Fifth Annual Report of the Company together with the Audited Accounts for the financial year ended September 30, 2009.

FINANCIAL RESULTS

(Rs. in Million)

	For the year ended September 30, 2009	For the year ended September 30, 2008
Total Income	10.64	2.51
Less: Expenditure	7.52	0.11
Gross Profit	3.12	2.40
Provision for Taxation	1.10	1.15
Net Profit carried to Balance Sheet	2.02	1.25

OPERATIONS

The Company acquired a Bell helicopter in December 2008 and gave it on lease and generated its operating income amounting to Rs. 9.89 million. Further the Company earned during the year, a sum of Rs. 0.76 million as interest from Investing activities.

DIVIDEND

Your Board does not recommend any dividend for the year ended September 30, 2009.

DIRECTORS

Mr. K. S. Vaidyanathan will retire by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that-

- The applicable accounting standards have been followed in the preparation of the annual accounts;
- Such accounting policies have been selected and applied consistently and judgements and estimates made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at September 30, 2009 and its profit for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and safe

guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- The annual accounts have been prepared on a going concern basis.

AUDITORS

M/s R. S. Dani & Company, Chartered Accountants, Ajmer, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received a certificate from the Statutory Auditors that re-appointment if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Auditors' Report read alongwith Notes on Accounts is self explanatory and therefore, does not call for any further comment under Section 217(3) of the Companies Act, 1956.

FIXED DEPOSITS

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

STATUTORY DISCLOSURES

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as the Company does not have any employee as at present.

The Company, not having any manufacturing or foreign exchange activity, your Directors have nothing to report on "Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo."

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the sincere co-operation and assistance received from the Government authorities, bankers, members as well as Directors and employees of Bajaj Hindusthan Limited and its immediate parent company.

For and on behalf of the Board
BAJAJ AVIATION PRIVATE LIMITED

Noida

Date: October 15, 2009

K.S. Vaidyanathan

Director

Dr. Sanjeev Kumar

Director

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ AVIATION PRIVATE LIMITED, Bajaj Bhawan, 2nd Floor, 226, Nariman Point, Jammalal Bajaj Marg, Mumbai 400 021 as on September 30, 2009. 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.

- 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 misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
 - 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;
 - In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books;
 - The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of accounts of the Company;

- In our opinion, the Balance Sheet and 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;
- On the basis of our review of the confirmations from the companies in which Directors of the Company are Directors, and the information and explanations given to us, none of the Directors of the Company are prima facie, as on September 30, 2009 is disqualified from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- 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 the case of the Balance Sheet of the state of affairs of the Company as at September 30, 2009;
 - In the case of the Profit & Loss Account of the Profits of the Company for the year ended on September 30, 2009; and
 - In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

FOR R.S. DANI & CO.
Chartered Accountants

C.P. KOTHARI

Partner

Membership No. 72229

Ajmer

October 10, 2009.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2009 OF BAJAJ AVIATION PRIVATE LIMITED

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

- The Company has taken an unsecured loan of Rs.65.89 million from Bajaj-Tec Products Limited listed in the register maintained under Section 301 of the Companies Act, 1956;
- As informed to us there were no contracts or arrangements entered into during the period which needs to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956;
- The Company has not accepted any deposits from public;
- In our opinion, the Company has an internal audit system commensurate with the size and nature of the business;
- According to the records of the Company, the Company is regular in depositing material undisputed statutory dues as applicable with the appropriate authorities and there were no outstanding dues as at the last day of the financial year for a period of more than six months from the date they became payable.

- There were no outstanding statutory dues on account of disputes before the authorities.

- As per the information and explanations given to us on our enquiries in this behalf, there were no frauds on or by the Company has been noticed or reported during the period.

In view of the nature of activities carried on by the Company Clause no. (xiii) of the CARO, 2003 is not applicable to the Company. Further in view of the absence of conditions pre-requisite to the reporting requirement of clauses (i), (ii), (iv), (viii), (x), (xi), (xii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) the said clauses are, at present, not applicable.

FOR R.S. DANI & CO.
Chartered Accountants

C.P. KOTHARI

Partner

Membership No. 72229

Ajmer

October 10, 2009.

Bajaj Aviation Private Limited

Balance Sheet as at September 30, 2009

		As at September 30, 2009	As at September 30, 2008
	Schedule	Rs. Million	Rs. Million
I. Sources of Funds:			
Shareholders' Funds			
Share Capital	1	50.00	50.00
Reserves & Surplus	2	7.38	5.36
		<u>57.38</u>	<u>55.36</u>
Loan Funds			
Unsecured Loans	3	65.89	—
		<u>65.89</u>	—
Deferred Tax Liability (Refer Note 5)		1.10	—
Total		<u>124.37</u>	<u>55.36</u>
II. Application of Funds:			
Fixed Assets			
Gross Block		115.97	—
Less: Depreciation		4.89	—
Net Block		<u>111.08</u>	—
Current Assets, Loans & Advances			
Sundry Debtors	5	7.01	—
Cash & Bank Balances		3.65	17.93
Loans & Advances		6.75	40.24
		<u>17.41</u>	<u>58.17</u>
Less: Current Liabilities & Provisions			
Current Liabilities	6	0.93	0.02
Provisions		3.19	2.79
		<u>4.12</u>	<u>2.81</u>
Net Current Assets		<u>13.29</u>	<u>55.36</u>
Total		<u>124.37</u>	<u>55.36</u>
Notes Forming part of the accounts	10		

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants

C.P. Kothari
Partner
Membership No. 72229
Ajmer, October 10, 2009

K.S. Vaidyanathan
Director
Noida, October 8, 2009

Dr. Sanjeev Kumar
Director

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

	Schedule	2008-2009 Rs. Million	2007-2008 Rs. Million
Income :			
Operating Income		9.88	—
Other Income	7	0.76	2.51
		<u>10.64</u>	<u>2.51</u>
Expenditure :			
Other Expenses	8	2.50	0.11
Interest & Finance charges	9	0.13	—
Depreciation		4.89	—
		<u>7.52</u>	<u>0.11</u>
Profit/(Loss) for the period before Taxation		<u>3.12</u>	<u>2.40</u>
Taxation			
Taxation:			
Provision for Current Taxation		0.40	1.15
Provision for current year's Deferred Tax		1.10	—
Less : MAT Credit Entitlement		(0.40)	—
		<u>1.10</u>	<u>1.15</u>
Profit/(Loss) for the period		<u>2.02</u>	<u>1.25</u>
Add : Balance Brought Forward		5.36	4.11
Balance carried to Balance Sheet		<u>7.38</u>	<u>5.36</u>
Basic/Diluted Earning Per Share:			
Net Profit		<u>2.02</u>	<u>1.25</u>
Weighted Average No. of Shares		5,000,000	5,000,000
Basic/Diluted Earning Per Share in Rs. (Face Value Rs.10/- Per Share)		0.40	0.25
Notes Forming part of the accounts	10		

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants

C.P. Kothari
Partner
Membership No. 72229
Ajmer, October 10, 2009

K.S. Vaidyanathan
Director
Noida, October 8, 2009

Dr. Sanjeev Kumar
Director

Cash Flow Statement for the year ended September 30, 2009

Annexure 'A' referred to in Note No. 8 in Schedule 10 to the Accounts for the year ended September 30, 2009

	2008-2009 Rs. Million	2007-2008 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before extraordinary items and Taxation	3.12	2.40
Adjustment for:		
Depreciation	4.89	—
Interest	0.13	—
	<u>5.02</u>	—
Operating Profit before working capital changes	8.14	2.40
Adjustment for:		
Trade and other receivables	27.25	13.06
Trade payables	0.91	0.01
Cash generated from operations	36.30	15.47
Direct taxes paid	(0.37)	(0.98)
Cash flow before extraordinary items	35.93	14.49
Net Cash from/ (used in) operating activities	<u>35.93</u>	<u>14.49</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including CWIP)	(115.97)	—
Net cash used in investing activities	<u>(115.97)</u>	—
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	65.89	—
Interest paid	(0.13)	—
Net cash from financing activities	<u>65.76</u>	—
Net increase/(decrease) in cash and cash equivalents	(14.28)	14.49
Cash and Cash equivalents as at October 01 (Opening Balance)	17.93	3.44
Cash and Cash equivalents as at September 30 (Closing Balance)	3.65	17.93

As per our attached report of even date

For and on behalf of
R. S. DANI & COMPANY
Chartered Accountants

C.P. Kothari
Partner
Membership No. 72229
Ajmer, October 10, 2009

K. S. Vaidyanathan
Director
Noida, October 8, 2009

Dr. Sanjeev Kumar
Director

SCHEDULES FORMING PART OF ACCOUNTS

Schedules 1 to 10 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 Sep.30, 2009 Rs. Million	As at Sept. 30, 2008 Rs. Million			
Schedule 1 - Share Capital					
Authorised:					
Equity					
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each	50.00	50.00			
	<u>50.00</u>	<u>50.00</u>			
Issued, Subscribed & Paid up:					
Equity					
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each fully paid up (The entire Paid Up Equity Share Capital is held by Bajaj Eco-Tec Products Limited, the Holding Company)	50.00	50.00			
	<u>50.00</u>	<u>50.00</u>			
Schedule 2 - Reserves and Surplus					
	As at Oct. 01, 2008	Additions	Deductions	As at Sep.30, 2009	As at Sept. 30, 2008
Balance as per Profit & Loss Account	5.36	2.02	—	7.38	5.36
	<u>5.36</u>	<u>2.02</u>	—	<u>7.38</u>	<u>5.36</u>
Schedule 3 - Unsecured Loan					
From Holding Company					
- Bajaj Eco-Tec Products Limited				65.89	—
				<u>65.89</u>	—

Schedule 4 - Fixed Assets

(Rs. Million)

Sr. No.	DESCRIPTION Particulars	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
		As at October 1, 2008	Additions during the year	Deduction & Adjustments	As at September 30, 2009	Upto October 1, 2008	For the Year	Deduction & Adjustments	Upto September 30, 2009	As at September 30, 2009	As at September 30, 2008
1	Plant & Machinery	-	115.97	-	115.97	-	4.89	-	4.89	111.08	-
	Total	-	115.97	-	115.97	-	4.89	-	4.89	111.08	-
	Previous Year's Total	-	-	-	-	-	-	-	-	-	-

As at
Sept. 30, 2009 As at
Sept. 30, 2008
Rs. Million Rs. Million

Schedule 5 - Current Assets, Loans & Advances

Current Assets:

(a) Sundry Debtors (Unsecured, considered good unless otherwise stated) Debts outstanding for a period exceeding six months Good	7.01	-
	<u>7.01</u>	<u>-</u>
(b) Cash and Bank Balances Cash in hand-Rs. 3,553/- (Previous Year Nil) Balance with Scheduled Banks: In Current Accounts	-	-
	<u>3.65</u>	<u>17.93</u>
(c) Loans and Advances (Unsecured, considered good unless otherwise stated) Advances (recoverable in cash or in kind or for value to be received) Advance payments of Tax MAT Credit Entitlement	2.94 3.41 0.40	37.20 3.04 -
	<u>6.75</u>	<u>40.24</u>
	<u><u>17.41</u></u>	<u><u>58.17</u></u>

Schedule 6 - Current Liabilities and Provisions

A. Current Liabilities:

Sundry Creditors	0.93	0.02
	<u>0.93</u>	<u>0.02</u>

B. Provisions:

For Taxation	3.19	2.79
	<u>3.19</u>	<u>2.79</u>
	<u><u>4.12</u></u>	<u><u>2.81</u></u>

Schedule 7 - Other Income

Interest	0.75	2.51
Miscellaneous Receipts	0.01	-
	<u>0.76</u>	<u>2.51</u>

Schedule 8 - Other Expenses

Repairs to Machinery	2.06	-
Payment to Auditors for Audit fees	0.01	0.01
Miscellaneous Expenses	0.43	0.10
	<u>2.50</u>	<u>0.11</u>

Schedule 9 - Interest and Finance Charges

Bank Charges	0.13	-
	<u>0.13</u>	<u>-</u>

Schedule 10

A. SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting:

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except in case of significant uncertainties.
- (ii) Financial Statements are prepared on Historical Cost basis.

2. Fixed Assets and Depreciation:

- (i) Fixed Assets:
Fixed Assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land) and amortisation.
- (ii) Depreciation:
Depreciation on all the assets has been provided as under:-
Plant & Machinery: On Straight-Line Method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

3. Taxation :

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

4. 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.

B. NOTES TO ACCOUNTS

	2008-2009 Rs. Million	2007-2008 Rs. Million
1. Contingent Liabilities not provided for	NIL	NIL
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)	NIL	NIL
3. (a) CIF Value of Import of Capital Goods	NIL	NIL
(b) FOB value of exports	NIL	NIL
(c) Expenditure in Foreign Currency towards: - Repair & Maintenance Expenses	2.06	NIL
4. The disclosures in respect of Related Parties as per Accounting Standard-18 (AS-18) 'Related Party Disclosures' is as stated herein below:		

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

a) Holding & Subsidiary Companies

Holding Company:

- Bajaj Eco-Tec Products Limited
- Bajaj Hindusthan Limited

b) Directors

- (i) Dr. Sanjeev Kumar Director
- (ii) Mr. K.S. Vaidyanathan Director

B) Transactions with the related parties

(Rs. Million)

i	Transactions during the year	Holding Company	Subsidiary Companies	Key Management Personnel	Total
	Loan taken	65.89	-	-	65.89
	Purchase of Capital Goods	115.00	-	-	115.00

Amount Outstanding at Balance Sheet date

(Rs. Million)

ii	Holding Company	Subsidiary Companies	Key Management Personnel	Total
	65.89	-	-	65.89

Notes:

Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.

5. Deferred Taxation:

(Rs. Million)

	Opening Balance	During the year	Closing Balance
Deferred Tax Liabilities			
Depreciation	-	13.97	13.97
Total	-	13.97	13.97
Deferred Tax Assets:			
Carry Forward of loss	-	12.91	12.91
Total	-	12.91	12.91
Net Deferred Tax Liability/(Asset)	-	1.06	1.06
Net Deferred Tax Liability Provision (R/off)	-	1.10	1.10

Bajaj Aviation Private Limited

6. Detailed Quantitative Information:

The main object of the Company is to establish, maintain, operate and provide air transport services and lines of aerial conveyance (including scheduled and chartered domestic and international services) for the carriage of passengers, baggage, mail and freight, hence the clause is not applicable, being service industry.

2008-2009 Rs. Million	2007-2008 Rs. Million
9.88	Nil

Value of Service provided

7. Previous year figures have been regrouped and rearranged wherever considered necessary.

8. Cash Flow Statement is annexed to this Schedule as Annexure-A.

As per our attached report of even date

For and on behalf of

R. S. DANI & COMPANY
Chartered Accountants

C. P. Kothari
Partner
Membership No. 72229
Ajmer, October 10, 2009

K. S. Vaidyanathan
Director

Dr. Sanjeev Kumar
Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. U 6 5 9 9 3 M H 2 0 0 5 P T C 1 5 4 5 2 9
 State Code 1 1
 Balance Sheet Date 3 0 0 9 2 0 0 9
 Date Month Year

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
124,371	124,371

Sources of Funds

Paid-up Capital	Reserves & Surplus
50,000	7,378
Deferred Tax Adjustments	Unsecured Loans
1,100	65,893
Secured Loans	Investments
NIL	NIL

Application of Funds

Net Fixed Assets	Misc. Expenditure
111,083	NIL
Net Current Assets	Accumulated Loss
13,288	NIL

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

Turnover	Total Expenditure
10,647	7,524
+ - Profit /Loss Before Tax	+ - Profit/Loss After Tax
+ 3,123	+ 2,023
(Please tick appropriate box + for Profit - for Loss)	
Earning Per Share (Basic) in Rs.	Dividend Rate %
0.40	NIL

V. Generic Name of Principal Product of Company - N.A.

K. S. Vaidyanathan **Dr. Sanjeev Kumar**
Director Director

Noida, October 8, 2009

DIRECTORS' REPORT

Your Directors present their first Annual Report and the Accounts for the financial year of the Company ended on March 31, 2009.

The Company was incorporated as a Wholly Owned Subsidiary of Bajaj Hindusthan Limited bearing CIN U24100MH2008PTC184063. The Registrar of Companies, Maharashtra, Mumbai, issued a Certificate of Incorporation on June 27, 2008. Accordingly the first financial year of the Company commenced on June 27, 2008 and ended on March 31, 2009.

PROGRESS ON PROJECT

The Company was incorporated for the purpose of undertaking and carrying on the business of manufacturing and sale of speciality chemicals. The Company was in the process of acquiring land in the State of Gujarat and has received the approval from Development Commissioner of Dahej SEZ, Gujarat for setting up a project. However, the Company is considering deferment of the project, due to the depressed financial conditions of markets worldwide.

FINANCIAL RESULTS

The Company has incurred pre-operative expenses of Rs. 62,58,975/-.

SHARE CAPITAL

Bajaj Hindusthan Ltd. the holding Company has invested a sum of Rs. 81 lakhs during the period under review against which allotment of 8,10,000 fully paid up equity shares of Rs. 10/- each was made to them.

DIVIDEND

As the Company had not commenced the intended business operations, your Board does not recommend any dividend for the year 2008-2009.

DIRECTORS

Mr. Kushagra Bajaj and Mr. Pradeep Parakh were the First Directors of the Company. During the period, Mr. Kushagra Bajaj resigned from the Board on February 26, 2009. The Board recorded its appreciation for the contribution made by Mr. Kushagra Bajaj during his tenure of directorship.

Mr. Pradeep Parakh will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Chandresh Chhaya was inducted as an Additional Director on the Board of the Company on February 25, 2009. He will hold office up to the next Annual General Meeting of the Company. The Company has received notice from a shareholder proposing candidature of Mr. Chandresh Chhaya as a Director of the Company liable to retire by rotation. Requisite approval in this regard is being sought at the forthcoming Annual General Meeting of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) That in the preparation of accounts for the period ended March 31, 2009 the applicable Accounting standards have been followed along with proper explanation relating to the material departures;

- (b) That the directors of the Company have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended March 31, 2009;
- (c) That the directors of the Company have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) That the directors of the Company have prepared the accounts of the Company for the financial year ended March 31, 2009 on a going concern basis.

AUDITORS

M/s. Dalal & Shah, Chartered Accountants, Mumbai, appointed by the Board as first Auditors of the Company will retire at the first Annual General Meeting of the Company and are eligible for re-appointment. Shareholders are requested to re-appoint the auditors and fix their remuneration.

COMPLIANCE CERTIFICATE

A certificate of compliance in terms of Section 383A(1) of the Companies Act, 1956 read with Companies (Compliance Certificates) Rules, 2001 issued by M/s. Chandanbala Jain & Associates, Mumbai, Company Secretaries in Whole-time practice for the period ended March 31, 2009 is set out as an annexure and forms part of this report.

FIXED DEPOSITS

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

STATUTORY DISCLOSURES

The provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as the Company does not have any employee at present.

As the Company has not commenced any manufacturing activity, your Directors have nothing to report on "Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo".

APPRECIATION

Your directors express their appreciation for the sincere co-operation and assistance of Central Government, State Government and its Bankers. Your directors acknowledge with gratitude the encouragement and support extended by our valued shareholder and by the staff of its holding Company.

For and on behalf of the Board
BAJAJ ECO-CHEM PRODUCTS LIMITED

Mumbai
May 15, 2009

Pradeep Parakh
Director

Chandresh Chhaya
Director

SECRETARIAL COMPLIANCE CERTIFICATE

For the period from June 27, 2008 to March 31, 2009

Date: May 15, 2009

CIN : U24100MH2008PTC184063

Authorised Capital: **Rs. 3,00,00,000/-**

Paid up Capital: **Rs. 81,00,000/-**

To,
The Members,
Bajaj Eco-Chem Products Private Limited
Bajaj Bhavan, 2nd Floor
Jamnalal Bajaj Marg
226, Nariman Point
Mumbai 400 021.

We have examined the registers, records, books and papers of Bajaj Eco-Chem Products Private Limited, (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the purpose of issuing a Secretarial Compliance Certificate under Section 383A of the Companies Act, 1956 (the Act), read with the Companies (Compliance Certificate) Rules, 2001 (the Rules), for the financial period from June 27, 2008 to March 31, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid period:

- The company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- The company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies and there is no form or return required to be filed with The Regional Director, Central Government, Company Law Board or any other authorities as applicable under the Act and the rules made thereunder.
- The company, being a private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said period were 2 (Two), excluding its present and past employees and the company during the period under scrutiny.
 - has not invited public to subscribe for its shares or debentures and
 - has not invited or accepted any deposits from persons other than its members, directors or their relatives.

- The Board of Directors duly met 7 (Seven) times on July 7, 2008, July 23, 2008, October 15, 2008, February 5, 2009, February 25, 2009, February 26, 2009 and March 18, 2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The company was not required to close its Register of Members during the said period, as there being no statutory requirement to close the same.
- Since, the company was incorporated on June 27, 2008, there was no requirement to hold any Annual General Meeting during the said period.
- The company held one Extraordinary General Meeting during the financial year on July 31, 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- As per information and explanation given to us, the company has not advanced any loans to its directors and/or persons or firms or companies referred to in Section 295 of the Companies Act, 1956.
- As per information and explanation given to us, the company has not entered into any contracts attracting provision of Section 297 of the Act.
- The company has made necessary entries in the register maintained under Section 301 of the Act.
- As per information & explanation given to us, there were no instances falling within the purview of Section 314 of the Act during the said period.
- The company has not issued any duplicate certificates during the said period.
- The company had allotted equity shares and complied with the provisions of the Act thereafter. There was no transfer/transmission of securities during the financial year.
 - The company has not declared any dividend for the said period hence there is no deposit of any amount in separate Bank.
 - The company was not required to post any dividend warrant to any member of the company as no dividend was declared during the said period.
 - The company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years

Bajaj Eco-Chem Products Private Limited

- to Investor Education and Protection Fund as the Company has no arrears of dividends nor issued any debentures and has not accepted any deposit.
- v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted. The company had appointed an Additional Director and have complied with the necessary provisions of the Act thereafter. There were no appointments of alternate Directors or Directors to fill casual vacancies during the said period.
 15. The company has not appointed any Managing Director/Whole time director/Manager during the period.
 16. The company has not appointed any sole selling agents during the said period.
 17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and/or such authorities, prescribed under the various provisions of the Act during the period under review.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
 19. The company has issued equity shares during the said period and have complied with the necessary provisions of the Act thereafter.
 20. The company has not bought back any shares during the said period.
 21. There was no redemption of preference shares or debentures during the said period.
 22. There were no transactions, necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the said period.
 23. The company has not invited/accepted any deposits, including any unsecured loans, falling within the purview of Section 58A during the said period.
 24. The amount borrowed by the company during the financial year is within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened Extraordinary General Meeting.
 25. The company has neither granted any loans or given guarantees nor made any investments during the period under scrutiny.
 26. The company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one State to another during the period under scrutiny.
 27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the period under scrutiny.
 28. The company has not altered the provisions of the Memorandum with respect to the name of the company during the period under scrutiny.
 29. The company has altered the provisions of the Memorandum with respect to the Share Capital of the company during the year under scrutiny and complied with the provisions of the Act thereafter.
 30. The company has not altered the Articles of Association, during the said period.
 31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company or its Directors during the said period, for offences under the Act.
 32. The company has not received any money as security from its employees during the said period.
 33. The provisions of Section 418 of the Act are not applicable as the company does not have its own PF Trust and the provisions of the Provident Fund Act are not applicable.

For Chandanbala Jain & Associates
Practicing Company Secretaries

Chandanbala R. Jain
Proprietor
CP No. 6400 (ACS17400)

May 15, 2009

ANNEXURE 'A'

Registers as maintained by the company during the period ended March 31, 2009.

Sr. No.	Name of the Register	Maintained
1.	Register of Members	U/S 150 of the Act
2.	Register of Contracts	U/S 301 of the Act
3.	Register of Directors	U/S 303 of the Act
4.	Register of Directors' shareholdings	U/S 307 of the Act.
5.	Board Minutes Books & AGM/EGM Minutes Books	

For Chandanbala Jain & Associates
Practicing Company Secretaries

Chandanbala R. Jain
Proprietor
CP No. 6400 (ACS17400)

Mumbai
May 15, 2009

ANNEXURE 'B'

Forms and returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the period ended March 31, 2009.

Sr. No.	Form No.	Section / Rule	Description	Details of filing	Whether filed within prescribed time – yes/no	If delayed, additional fees paid – yes/no
1.	22B	187C	Declaration under The Companies (Declaration of beneficial interest in shares) Rules 1975	Date: 6.8.2008 SRN: A42677989	Yes	N.A.
2.	23	192	Registration of Resolutions	Date: 14.8.2008 SRN: A43145853	Yes	N.A.
3.	5	97	Increase in Authorised Share Capital	Date: 14.8.2008 SRN: A43153279	Yes	N.A.
4.	22B	187C	Declaration under The Companies (Declaration of beneficial interest in shares) Rules 1975	Date: 27.8.2008 SRN: A43821784	Yes	N.A.
5.	32	303(2)	Appointment / Resignation of Directors	Date: 10.3.2009 SRN: A57698581	Yes	N.A.
6.	2	75(1)	Allotment of Shares	Date: 20.03.2009 SRN: A58317652	Yes	N.A.

No Form/Return was required to be filed with the R/D, CLB and Central Government.

For Chandanbala Jain & Associates
Practicing Company Secretaries

Chandanbala R. Jain
Proprietor
CP No. 6400 (ACS17400)

Mumbai
May 15, 2009

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of BAJAJ ECO-CHEM PRODUCTS PRIVATE LIMITED, as at March 31, 2009 and the related Cash Flow Statement for the period ended on that date. As the Company has not commenced commercial operations during the period, there is no Profit and Loss Account. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;

- (c) The Balance Sheet dealt with by the report is in agreement with the books of account of the Company;
- (d) In our opinion, the Balance Sheet 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, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 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 in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2009 and in the case of Cash Flow Statement of the cash flows of the Company for the period ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai: May 15, 2009.

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009 OF BAJAJ ECO- CHEM PRODUCTS PRIVATE 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 neither taken nor granted 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;
- ii) As informed to us there were no contracts or arrangements during the period which needs to be entered into in the register required to be maintained under Section 301 of the Companies Act, 1956;
- iii) The Company has not accepted any deposits from public;
- iv) The requirements of having a formal internal audit system is not applicable during the period;
- v) As explained to us the provisions of statutes governing Provident Fund and Employees State Insurance are not applicable during the period. 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 end of the period for more than six months from the date they became payable and there were no unpaid disputed dues outstanding as at the end of the period;

- vi) As per the information and explanations given to us on our enquiries in this behalf, there were no fraud on or by the Company which has been noticed or reported during the period.

In view of the nature of activities carried on by the Company clause no. (xiii) of CARO, 2003 is not applicable to the Company. Further in view of the absence of conditions pre-requisite to the reporting requirement of clauses (i), (ii), (iv), (vi), (vii), (x), (xi), (xiv), (xv), (xvi), (xvii), (xviii) and (xix) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Mumbai: May 15, 2009.

Bajaj Eco-Chem Products Private Limited

Balance Sheet as at March 31, 2009

	Schedule	Rs. Million	As at March 31, 2009 Rs. Million
I. SOURCES OF FUNDS :			
Shareholders' Funds	1		
Capital			8.10
Reserves & Surplus			-
Loan Funds			
Secured Loan		-	-
Unsecured Loan		-	-
Total			8.10
II. APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block		-	-
Less: Depreciation		-	-
Net Block		-	-
Capital Work-in-Progress	2		6.26
Investments			-
Current Assets, Loans & Advances	3		
Inventories		-	-
Sundry Debtors		-	-
Cash & Bank Balances		0.51	0.51
Other Current Assets		-	-
Loans & Advances		1.00	1.00
		1.51	1.51
Less: Current Liabilities & Provisions	4		
Current Liabilities		0.01	0.01
Provisions		-	-
		0.01	0.01
Net Current Assets			1.50
Miscellaneous Expenses (To the extent not written off or adjusted)	5		0.34
Total			8.10
Notes Forming part of the accounts	6		

As per our attached report of even date
For and on behalf of

DALAL & SHAH
Chartered Accountants

Pradeep Parakh
Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, May 15, 2009

Chandresh Chhaya
Director

Cash Flow Statement for the period ended March 31, 2009

	2008-2009 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Net Profit/(Loss) before extraordinary items and Taxation	-
Net Cash from/(used in) operating activities	-
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of Fixed Assets	(6.26)
Loans and Advances	(0.99)
Net cash used in investing activities	(7.25)
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Issue of Equity Shares & Premium thereon:	8.10
Incorporation & Issue expenses	(0.34)
Net cash from financing activities	7.76
Net increase/(decrease) in cash and cash equivalents	0.51
Cash and Cash equivalents as at 01 April (Opening Balance)	-
Earmarked for specific purposes	-
Other Balances	-
Cash and Cash equivalents as at March 31, 2009 (Closing Balance)	0.51
Earmarked for specific purposes	-
Other Balances	-
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

Pradeep Parakh
Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, May 15, 2009

Chandresh Chhaya
Director

SCHEDULES FORMING PART OF ACCOUNTS

Schedules 1 to 6 annexed to and forming part of the Balance Sheet as at March 31, 2009

	As at March 31, 2009 Rs. Million
Schedule - 1	
Share Capital	
Authorised:	
30,00,000 Equity Shares of Rs. 10/- each	30.00
Issued, Subscribed & Paid-up:	
8,10,000 Equity Shares of Rs. 10/- each	
Fully Paid up	8.10
(The entire paid up equity share capital is held by the holding company, Bajaj Hindusthan Limited)	
Total	8.10
Schedule - 2	
Capital Work in Progress	
Preoperative Expenses	
Professional Charges	6.25
Miscellaneous	0.01
Total	6.26
Schedule - 3	
Current Assets, Loans & Advances	
a) Cash & Bank Balances	
Cash in hand	0.00
Balance with Scheduled Banks	
In Current Accounts	0.51
	0.51
b) Loans & Advances	
(Unsecured, considered good by the Management)	
Advance Recoverable in cash or in kind or for value to be received	
Advance for Purchase of Land	1.00
	1.00
Total	1.51
Schedule - 4	
Current Liabilities & Provisions	
a) Current Liabilities	
Sundry Creditors	-
Other Liabilities	0.01
	0.01
b) Provisions	
	-
	-
Total	0.01
Schedule - 5	
Miscellaneous Expenditure	
(To the extent not written off or adjusted)	
Preliminary Expenses	0.34
Less: Written off during the year	-
	0.34
Schedule 6 - Notes forming part of the Accounts	
1. The Company was incorporated on June 27, 2008. The Commercial Activities of the Company have not yet commenced. Therefore no Profit & Loss Account has been prepared for the period under review.	
Also previous year figures are not given, as this is the first accounting year of the Company.	
2. Contingent Liabilities not provided for: NIL	
3. The disclosures in respect of Related Parties as required under Accounting Standard 18 (AS18) 'Related Party Disclosures' is stated herein below/set out in a separate statement annexed hereto.	
a) Related parties and relationships for which disclosure is required under AS-18:	
A. Enterprise having Control	
Holding Company	
Bajaj Hindusthan Limited	
Fellow Subsidiary Companies	
1. Bajaj Hindusthan Sugar and Industries Ltd.	
2. Bajaj Aviation Private Ltd.	
3. Bajaj Eco-Tec Products Ltd.	
4. Bajaj International Participações Ltda., Brazil	
5. Bajaj Hindusthan (Singapore) Pte Ltd., Singapore	
B. Associates & Joint Ventures : Nil	
C. Directors and their relatives	
Mr. Kushagra Bajaj, Director (resigned w.e.f. 26.02.2009)	
Mr. Pradeep Parakh, Director	
Mr. Chandresh Chhaya, Director (appointed w.e.f. 25.02.2009)	
Mr. C.B. Chhaya, relative of a Non-Executive Director	
D. Key Management Personnel : None	
E. Enterprises over which any person described in (C) or (D) above is able to exercise significant influence : None	

Bajaj Eco-Chem Products Private Limited

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

Transactions	Holding Co.	Directors	Relatives of Directors	Key Management Personnel	Relatives of Key Management Personnel	Enterprises described in (E) above	Rs. Million
							Total
I. Transactions during the year							
Rendering of Services	6.96	-	0.00	-	-	-	6.96
Investment made	8.10	-	-	-	-	-	8.10
II. Amounts Outstanding at Balance Sheet date							
Loans given Outstanding	-	-	-	-	-	-	-
Deposit Outstanding	-	-	-	-	-	-	-

Note:

Related party relationship is as identified by the Management based on the available information and relied upon by the Auditors.

- The Company has no employees during the accounting period under review. Accordingly the Accounting Standard (AS 15) issued under Companies (Accounting Standard) Rules, 2006 is not applicable.
- Significant accounting policies followed by the Company are as stated in the statement annexed to this Schedule (Annexure 'A').
- Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.

Signatures to Schedules "1" to "6"
As per our attached report of even date
For and on behalf of

DALAL & SHAH
Chartered Accountants

Pradeep Parakh
Director
Chandresh Chhaya
Director

SHISHIR DALAL
Partner
Membership No. 37310
Mumbai, May 15, 2009

Statement on Significant Accounting Policies

Annexure 'A' referred to in Note No. 5 in Schedule 6 to the Accounts for the period ended March 31, 2009

1. System of Accounting:

- The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- Financial statements are based on historical cost.

2. Fixed Assets:

- Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except freehold land) and amortisation.
- 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.

3. Borrowing Cost:

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

4. Taxation :

Deferred tax assets/liability would be considered subsequent to the commencement of the Commercial operations.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 1 8 4 0 6 3 State Code 1 1
Balance Sheet Date 3 1 0 3 2 0 0 9
Date Month Year

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	8,100

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

Total Liabilities	Total Assets
8,100	8,100

Sources of Funds

Paid-up Capital	Reserves & Surplus
8,100	-
Deferred Tax Adjustments	
-	
Secured Loans	Unsecured Loans
-	-

Application of Funds

Net Fixed Assets	Investments
6,259	-
Net Current Assets	Misc. Expenditure
1,500	341
Accumulated Loss	
NIL	

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

Turnover	Total Expenditure
-	-
+ - Profit /Loss Before Tax	+ - Profit/Loss After Tax
-	-

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

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

V. Generic Name of Principal Products of Company

Item Code No. (ITC Code)	2 9 1 0 1 0 0 0
Product Description	E T H Y L E N E O X I D E
Item Code No. (ITC Code)	2 9 2 2 1 1 0 0
	2 9 2 2 1 2 0 0
Product Description	E T H A N O L A M I N E S
Item Code No. (ITC Code)	2 9 1 5 5 0 0 0
Product Description	P R O P I O N I C A C I D
Item Code No. (ITC Code)	2 9 0 5 3 1 0 0
Product Description	G L Y C O L (M E G)

Pradeep Parakh
Director
Chandresh Chhaya
Director

Mumbai, May 15, 2009

Bajaj Internacional Participações Ltda.

Balance Sheet as at April 30, 2009

	2009 In Real	2009 Rs. Million	2008 In Real	2008 Rs. Million
Assets				
Current:				
Banks	6.805,18	0.18	2.213.668,46	53.49
Marketable Securities	2.194.612,84	58.97	–	–
Tax Recoverable	75.081,67	2.02	57.187,71	1.38
	<u>2.276.499,69</u>	<u>61.17</u>	<u>2.270.856,17</u>	<u>54.87</u>
Total Assets	<u>2.276.499,69</u>	<u>61.17</u>	<u>2.270.856,17</u>	<u>54.87</u>
Liabilities and Quotaholders' Equity				
Current:				
Tax Payable	6.699,27	0.18	5.771,53	0.14
Accounts Payable	6.970,56	0.19	5.399,04	0.13
	<u>13.669,83</u>	<u>0.37</u>	<u>11.170,57</u>	<u>0.27</u>
Quotaholders' Equity				
Subscribed Capital	21.000.000,00	564.30	21.000.000,00	507.44
(-) Capital to be paid	(18.838.537,86)	(506.22)	(18.838.537,86)	(455.21)
	<u>2.161.462,14</u>	<u>58.08</u>	<u>2.161.462,14</u>	<u>52.23</u>
Retained earnings	101.367,72	2.72	98.223,46	2.37
	<u>2.262.829,86</u>	<u>60.80</u>	<u>2.259.685,60</u>	<u>54.60</u>
Total Liabilities and Quotaholders' Equity	<u>2.276.499,69</u>	<u>61.17</u>	<u>2.270.856,17</u>	<u>54.87</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

Statement of Income for the year ended April 30, 2009

	2009 In Real	2009 Rs. Million	2008 In Real	2008 Rs. Million
Operational Expenses				
General and Administrative	(80.900,34)	(2.17)	(105.560,49)	(2.55)
Taxes and Contributions	(19.640,62)	(0.53)	(18.210,01)	(0.44)
Financial Income (expenses)	104.678,14	2.81	232.893,58	5.63
Earnings Before Income Tax and Social Contribution	<u>4.137,18</u>	<u>0.11</u>	<u>109.123,08</u>	<u>2.64</u>
(-) Income Tax	(620,58)	(0.02)	(16.193,36)	(0.39)
(-) Social Contribution	(372,34)	(0.01)	(9.716,02)	(0.24)
	<u>(992,92)</u>	<u>(0.03)</u>	<u>(25.909,38)</u>	<u>(0.63)</u>
Net Income	<u>3.144,26</u>	<u>0.08</u>	<u>83.213,70</u>	<u>2.01</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

Notes:

- Figures are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717
- Figures are translated at the exchange rate as on 30.09.2008 i.e. BRL 1= Rs. 24.1638

Statement of Changes in Financial Position for the Year Ended April 30, 2009

	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million
Sources:						
From Operations:						
Net Income					3.144,26	0.08
Foreign Exchange Fluctuation					-	6.12
Increase of Working Capital					3.144,26	6.20
Changes in Working Capital						
	April 30, 2009		April 30, 2008		Variation	
Current Assets	2.276.499,69	61.17	2.270.856,17	54.87	5.643,52	6.30
Current Liabilities	13.669,83	0.37	11.170,57	0.27	2.499,26	0.10
Net Working Capital	<u>2.262.829,86</u>	<u>60.80</u>	<u>2.259.685,60</u>	<u>54.60</u>	<u>3.144,26</u>	<u>6.20</u>

Statement of Changes in Financial Position for the Year Ended April 30, 2008

	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million
Sources:						
From Operations:						
Net Income					83.213,70	2.01
Foreign Exchange Fluctuation					-	5.47
Increase of Working Capital					83.213,70	7.48
Changes in Working Capital						
	April 30, 2008		April 30, 2007		Variation	
Current Assets	2.270.856,17	54.87	2.232.928,88	48.34	37.927,29	6.53
Current Liabilities	11.170,57	0.27	56.456,98	1.22	(45.286,41)	(0.95)
Net Working Capital	<u>2.259.685,60</u>	<u>54.60</u>	<u>2.176.471,90</u>	<u>47.12</u>	<u>83.213,70</u>	<u>7.48</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

Statement of Changes in Quotaholders' Equity as on April 30, 2009

	Subscribed Capital		Capital to be Paid		Retained Earnings		Total	
	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million
Balance at April 30, 2008	21.000.000,00	564.30	(18.838.537,86)	(506.22)	98.223,46	2.64	2.259.685,60	60.72
Net Income	-	-	-	-	3.144,26	0.08	3.144,26	0.08
Balances at April 30, 2009	<u>21.000.000,00</u>	<u>564.30</u>	<u>(18.838.537,86)</u>	<u>(506.22)</u>	<u>101.367,72</u>	<u>2.72</u>	<u>2.262.829,86</u>	<u>60.80</u>

Statement of Changes in Quotaholders' Equity as on April 30, 2008

	Subscribed Capital		Capital to be Paid		Retained Earnings		Total	
	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million	In Real	Rs. Million
Balance at April 30, 2007	21.000.000,00	507.44	(18.838.537,86)	(455.21)	15.009,76	0.36	2.176.471,90	52.59
Net Income	-	-	-	-	83.213,70	2.01	83.213,70	2.01
Balances at April 30, 2008	<u>21.000.000,00</u>	<u>507.44</u>	<u>(18.838.537,86)</u>	<u>(455.21)</u>	<u>98.223,46</u>	<u>2.37</u>	<u>2.259.685,60</u>	<u>54.60</u>

Paulo Schiesari Filho
Accountant
CRC - 1SP140.342/0-8

Bajaj Internacional Participações Ltda.

Notes:

- Figures are translated at the exchange rate as on 30.09.2009 i.e. BRL 1= Rs. 26.8717
- Figures are translated at the exchange rate as on 30.09.2008 i.e. BRL 1= Rs. 24.1638

Bajaj Hindusthan (Singapore) Private Limited

(Incorporated in Singapore)

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of the Company for the financial year ended 30 September 2009.

DIRECTORS

The directors in office at the date of this report are:

Pradeep Parakh (appointed on 21 April 2009)

Arangannal s/o Kathamuthu

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interests in shares and debentures of the Company and its related corporations except as detailed below:

In related company	Ordinary shares	
	Holdings registered in the name of director	
	As at 01.10.2008	As at 30.09.2009
Bajaj Hindusthan Sugar & Industries Ltd.		
Pradeep Parakh	–	5,000

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITORS

The independent auditors, Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, have expressed their willingness to accept re-appointment.

	Pradeep Parakh	Arangannal s/o Kathamuthu
12 October 2009	Director	Director

STATEMENT BY DIRECTORS

In the opinion of the directors of BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED,

- the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 September 2009 and of its results, changes in equity and cash flows for the financial year ended on that date; and
- at the date of this statement, on the understanding that continuing financial support will be provided by its holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors authorised these financial statements for issue on 12 October 2009.

	Pradeep Parakh	Arangannal s/o Kathamuthu
12 October 2009	Director	Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED

(Incorporated in Singapore)

We have audited the accompanying financial statements of BAJAJ HINDUSTHAN (SINGAPORE) PRIVATE LIMITED as set out on pages 7 to 18, which comprise the balance sheet as at 30 September 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Without qualifying our opinion, we draw attention to Note 4 to the financial statements which indicate that the Company incurred a net loss of S\$12,347 (2008: S\$13,132) for the year ended 30 September 2009 and, as of that date, the Company has a capital deficiency of S\$29,894 (2008: S\$17,547) and excess of current liabilities over current assets of S\$29,894 (2008: S\$17,547). The financial statements have been prepared on a going concern basis as the holding company has undertaken to provide continuing financial support until such time the Company is able to operate on its own financial resources.

Opinion

In our opinion,

- the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 September 2009 and of its results, changes in equity and cash flows for the financial year ended on that date; and
- the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Singapore
12 October 2009

SHANKER IYER & CO.
Public Accountants & Certified Public Accountants

Bajaj Hindusthan (Singapore) Private Limited

(Incorporated in Singapore)

Balance Sheet as at 30 September 2009

	Note	30.09.09 S\$	30.09.09 Rs. Million	30.09.08 S\$	30.09.08 Rs. Million
CURRENT ASSETS					
Cash at bank	5	12,510	0.42	15,472	0.50
Other Receivables	6	7,114	0.24	7,096	0.23
		<u>19,624</u>	<u>0.66</u>	<u>22,568</u>	<u>0.73</u>
<i>Less:</i>					
CURRENT LIABILITIES					
Accruals	7	3,000	0.10	3,597	0.12
Amount owing to Holding Company	8	46,518	1.42	36,518	1.08
		<u>49,518</u>	<u>1.52</u>	<u>40,115</u>	<u>1.20</u>
NET CURRENT LIABILITIES		<u>(29,894)</u>	<u>(0.86)</u>	<u>(17,547)</u>	<u>(0.47)</u>
NET LIABILITIES		<u>(29,894)</u>	<u>(0.86)</u>	<u>(17,547)</u>	<u>(0.47)</u>
SHAREHOLDER'S EQUITY					
Share Capital	9	1,000	0.03	1,000	0.03
Accumulated losses		(30,894)	(0.94)	(18,547)	(0.53)
Foreign Exchange Fluctuation		–	0.05	–	0.03
CAPITAL DEFICIENCY		<u>(29,894)</u>	<u>(0.86)</u>	<u>(17,547)</u>	<u>(0.47)</u>

Note:

- Items of Balance Sheet except amount owing to Holding company S\$ 46,518, are converted at exchange rate prevailing as on 30.09.09 i.e S\$=Rs. 33.89 and 30.09.08 i.e S\$=Rs. 32.42 respectively.
- Items of P&L are converted at average exchange rate i.e. S\$=Rs. 33.16 for the financial year 2009 and S\$=Rs. 29.61 for the financial year 2008.
- Amount owing to holding company is converted at exchange rate prevailing at transaction dates. Average of which is S\$=Rs. 33.80 during the year 2008 and S\$=Rs. 29.81 during the year 2008.

Statement of Changes in Equity for the year ended 30 September 2009

	Share Capital	Accumulated Losses	Total	Share Capital	Accumulated Losses	Total
	S\$	S\$	S\$	Rs. Million	Rs. Million	Rs. Million
2009						
Balance as at 01 October 2008	1,000	(18,547)	(17,547)	0.03	(0.53)	(0.50)
Loss for the year	–	(12,347)	(12,347)	–	(0.41)	(0.41)
Balance as at 30 September 2009	<u>1,000</u>	<u>(30,894)</u>	<u>(29,894)</u>	<u>0.03</u>	<u>(0.94)</u>	<u>(0.91)</u>
2008						
Balance as at 01 October 2007	1,000	(5,415)	(4,415)	0.03	(0.14)	(0.11)
Loss for the year	–	(13,132)	(13,132)	–	(0.39)	(0.39)
Balance as at 30 September 2008	<u>1,000</u>	<u>(18,547)</u>	<u>(17,547)</u>	<u>0.03</u>	<u>(0.53)</u>	<u>(0.50)</u>

Cash Flow Statement for the year ended 30 September 2009

	2009 S\$	2009 Rs. Million	2008 S\$	2008 Rs. Million
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(12,347)	(0.41)	(13,132)	(0.39)
Foreign Exchange Fluctuation	–	0.02	–	0.03
Cash flows absorbed by operations before changes in working capital	<u>(12,347)</u>	<u>(0.39)</u>	<u>(13,132)</u>	<u>(0.36)</u>
Working Capital changes, excluding changes relating to cash				
Other receivables	(18)	(0.01)	1375	–
Accruals	(597)	(0.02)	(8629)	(0.21)
Net cash absorbed by operating activities	<u>(12,962)</u>	<u>(0.42)</u>	<u>(20,386)</u>	<u>(0.57)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Advance from holding company	10,000	0.34	34,858	1.04
Proceeds from issuance of shares	–	–	–	–
Net cash generated from financing activities	<u>10,000</u>	<u>0.34</u>	<u>34,858</u>	<u>1.04</u>
Net Increase/Decrease in cash at bank	<u>(2,962)</u>	<u>(0.08)</u>	<u>14,472</u>	<u>0.47</u>
Cash at bank at the beginning of the year	<u>15,472</u>	<u>0.50</u>	<u>1,000</u>	<u>0.03</u>
Cash at bank at the end of the year	<u>12,510</u>	<u>0.42</u>	<u>15,472</u>	<u>0.50</u>

Income Statement for the year ended 30 September 2009

	Note	01.10.08 to 30.09.09 S\$	01.10.08 to 30.09.09 Rs. Million	01.10.07 to 30.09.08 S\$	01.10.07 to 30.09.08 Rs. Million
REVENUE					
Income		–	–	–	–
COST AND EXPENSES					
Operating expenses	10	12,347	0.41	13,132	0.39
Total Cost & Expenses		<u>12,347</u>	<u>0.41</u>	<u>13,132</u>	<u>0.39</u>
LOSS BEFORE TAXATION		<u>(12,347)</u>	<u>(0.41)</u>	<u>(13,132)</u>	<u>(0.39)</u>
TAXATION	11	–	–	–	–
LOSS FOR THE YEAR		<u>(12,347)</u>	<u>(0.41)</u>	<u>(13,132)</u>	<u>(0.39)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

1. CORPORATE INFORMATION

Bajaj Hindusthan (Singapore) Private Limited (Company Registration No.: 200709334R) is domiciled in Singapore. The Company's registered office is at 3 Phillip Street, #18-00 Commerce Point, Singapore 048693.

The principal activities of the Company are those relating to investment holding. The Company has not commenced any operations since the date of incorporation.

The financial statements of Bajaj Hindusthan (Singapore) Private Limited as at 30 September 2009 and for the year then ended were authorised and approved by the directors for issuance on 12 October 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

At the date of authorisation of these financial statements, the Company has not applied those FRS and INT FRS that have been issued but are effective only in the next financial year. The Company expects the adoption of the standards will have no financial effect on the financial statements in the period of initial application.

b) Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

c) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments.

d) Other receivables

Financial assets are recognised on the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

e) Accruals

Financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

Accruals are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

f) Income tax

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant temporary differences.

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Bajaj Hindusthan (Singapore) Private Limited

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Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous period.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credit and unused tax losses can be utilised.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

g) Impairment of financial assets

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are made using the best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the income statement in the period they occur.

i) Share capital

Ordinary shares issued by the Company are classified as equity and recorded at the proceeds received, net of direct issue costs.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates and judgements in applying the accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

4. GOING CONCERN

The Company incurred a loss of S\$12,347 (2008: S\$13,132) during the financial year ended 30 September 2009 and, as of that date, the company's total current liabilities exceeded its total assets by S\$29,894 (2008: S\$17,547) and is in capital deficiency position of S\$29,894 (2008: S\$17,547). The directors have reviewed the projected cash flows of the Company and are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. They believe that the Company will have sufficient liquidity from its operations and funding from holding company to meet its financial obligations when they fall due.

5. CASH AT BANK

The carrying amounts of cash at bank approximate their fair values and are denominated in Singapore dollars.

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Cash in hand	-	-	-	-
Cash at bank	12,510	0.42	15,472	0.50
	<u>12,510</u>	<u>0.42</u>	<u>15,472</u>	<u>0.50</u>

6. OTHER RECEIVABLES

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Deposit	5,000	0.16	5,000	0.16
Prepayment	1,340	0.05	1,322	0.04
Other debtor	774	0.03	774	0.03
	<u>7,114</u>	<u>0.24</u>	<u>7,096</u>	<u>0.23</u>

The carrying amounts of other receivables approximate their fair values and are denominated in Singapore dollars.

7. ACCRUALS

The carrying amounts of accruals (other payables) approximate its fair values and is denominated in Singapore dollars.

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Accruals	<u>3,000</u>	<u>0.10</u>	<u>3,597</u>	<u>0.12</u>

8. AMOUNT OWING TO HOLDING COMPANY

The amount owing to holding company is non-trade in nature, unsecured, interest-free and repayable within the next twelve months.

The carrying amount of amount owing to holding company approximate its fair values and is denominated in Singapore dollars.

9. SHARE CAPITAL

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Issued and fully paid				
1,000 ordinary shares	<u>1,000</u>	<u>0.03</u>	<u>1,000</u>	<u>0.03</u>

All issued ordinary shares are fully paid. There are no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10. OPERATING EXPENSES

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Accounting fees	1,800	0.06	1,000	0.03
General expenses	1,153	0.04	737	0.02
Legal and professional fees	6,792	0.22	6,010	0.18
Others	2,602	0.09	5,385	0.16
	<u>12,347</u>	<u>0.41</u>	<u>13,132</u>	<u>0.39</u>

11. TAXATION

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Current year provision	-	-	-	-

The current year income tax benefit varied from the amount of income tax benefit determined by applicable Singapore statutory income tax rate 17% (2008: 18%) to loss before income tax as a result of the following differences:

	30.09.2009		30.09.2008	
	S\$	Rs. Million	S\$	Rs. Million
Accounting loss	(12,347)	(0.41)	(13,132)	(0.39)
Income tax benefit at statutory rate	(2,099)	0.07	(2,364)	(0.08)
Non-allowable items	2,099	0.07	2,364	0.08

No provision for taxation is made as the Company had no trading activities during the financial year.

12. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Bajaj Hindusthan Limited, a company incorporated in India.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

a) Liquidity risk

The Company has liquidity risk in view of the excess of current liabilities over current assets. However, the holding company has undertaken to provide continuing financial support until such time the Company is able to operate on its own financial resources.

b) Foreign currency risk

The Company has no foreign currency risk.

c) Credit risk

The Company has no significant exposure to credit risk.

d) Interest rate risk

The Company has no exposure to market risk for changes in interest rates as it has no borrowings.

The management has certain strategies for the management of financial risks and also certain action to be taken in order to manage the financial risks. However these are not formally documented in written form. The following guidelines are followed:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out following good market practices and monitored by senior management staff.

e) Capital risk

The objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholder and benefits for other stakeholders, and to provide an adequate return to shareholder by pricing services to commensurate with the level of risk. The management manages the capital structure and makes adjustments to it in the light of changes in economic condition and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

The Company is not subject to externally imposed capital requirements.

f) Fair values

The carrying amounts of cash and bank balances, other receivables, accruals and holding company balance approximate their fair values due to their short-term nature.



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