

BAJAJ HINDUSTHAN SUGAR AND INDUSTRIES LIMITED

39th Annual Report 2008-09



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BOARD OF DIRECTORS

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

MANAGER & COMPANY SECRETARY

Mr. Chandresh Chhaya

BANKERS

Central Bank of India
Punjab National Bank

AUDITORS

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

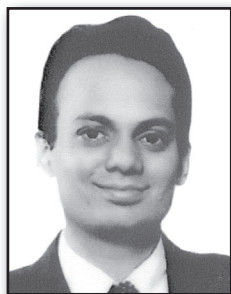
REGISTERED OFFICE

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

FACTORIES

Pratappur	Rudauli	Utraula	Kundarkhi
Dist.: Deoria Uttar Pradesh	Dist.: Basti Uttar Pradesh	Dist.: Balrampur Uttar Pradesh	Dist.: Gonda Uttar Pradesh

CHAIRMAN'S LETTER



Dear Shareholders,

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

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

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

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

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

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

With every good wish,

Sincerely yours,

Kushagra Bajaj

NOTICE TO SHAREHOLDERS

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

Ordinary Business:

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

Special Business:

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

Place: Mumbai
Dated: December 15, 2009

Chandresh Chhaya
Manager & Company Secretary

NOTES:

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

A Proxy Form is enclosed.

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

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

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

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

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

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

Bajaj Hindusthan Sugar and Industries Limited

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

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

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

ANNEXURE TO THE NOTICE

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

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

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

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

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

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

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

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

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

Relevant Date

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

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

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

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

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

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

Place: Mumbai

Dated: December 15, 2009

By Order of the Board of Directors

Chandresh Chhaya

Manager & Company Secretary

Registered Office:

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

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS

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

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

DIVIDEND

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

DELISTING OF EQUITY SHARES FROM THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED

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

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

EMPLOYEE STOCK OPTION

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

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

SCHEME OF ARRANGEMENT

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

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

FINANCE

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