



Report

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WE'RE
NURTURING
A GREENER
TOMORROW.

 **bajaj hindusthan ltd.**

Seventy Sixth Annual Report 2006-07

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At a time when the world has become more conscious about saving our planet, we at Bajaj Hindusthan have pledged to make a greener and healthier India. Being a socially responsible company we believe in giving back to the environment. Aiming for a green country today and a greener world tomorrow, we are promoting the use of eco-friendly substitutes for non-renewable fossil fuels. We use sugarcane to create ethanol that can be used as a

from sugarcane bagasse waste which is then fed to our homes and factories through the state grid. We are also innovatively using sugarcane waste to complement chemical fertilisers that deplete the soil of precious minerals.

Giving back to our environment, our country and our people has become a key guiding principle for corporate organisations today. We in BHL are inspired by the mission of creating eco-friendly products for the nation and setting examples by eco-friendly practices.

complementary green fuel to gasoline. This is just a small step in our endeavour to create a pollution-free environment. We are on the verge of commencing the manufacture of Medium Density Fibre (MDF) Boards and Particle Boards from sugarcane bagasse waste. These are completely wood-free and environment-friendly engineered products which can increasingly replace wood in building construction and furniture manufacture. As the threat of global warming increases over time, we are taking carefully considered measures to reduce greenhouse gas emissions, protect and enrich our precious forest resources and conserve invaluable environmental resources. We generate surplus power

With increasing globalisation and the growing need for cost- competitiveness, we see green concepts as one of the drivers for sustained business growth and enhanced competitiveness, thereby maximising shareholder wealth with a higher PE ratio in the years to come.

We are grooming ourselves as the artists of a new India. And we are here to paint India green.



“Modern technology owes ecology an apology.”

- Alan M. Eddison

“When we heal the earth, we heal ourselves.”

- David Orr

“Take care of the earth and she will take care of you.”

- Anonymous

Agro-Boards from sugarcane bagasse residue – a viable wood-substitute in buildings and furniture

The exponentially growing demand for wood in India, both in building construction and for furniture manufacture, has created two problems. One, it has led to the alarming depletion of our invaluable forests. Two, it has led to the burgeoning expenditure of precious foreign exchange.

With India's rapid overall economic growth in general, and the retail and BPO revolutions in particular, the demand for wood is growing ever faster. To cater to this growing demand, India is importing increasing quantities of wood-based Medium Density Fibre (MDF) Boards and Particle Boards. The import of these wood derivatives cost the Indian exchequer US \$ five million in 2003, US \$ seven

million in 2004, and US \$ 30 million in 2005. The foreign exchange outgo on the import of MDF and Particle Boards is projected to touch US \$ 300 million by 2010.

It is noteworthy that BEPL will manufacture these products from sugarcane bagasse waste, which is the residue left behind after all the juice is extracted from sugarcane. Sugarcane bagasse can be used to generate power as well as to manufacture paper; but the value addition to the bagasse residue will be substantially higher if it is used to manufacture MDF and Particle Boards.

BEPL will be one of the very few business enterprises in the world to manufacture wood-free MDF Boards from sugarcane bagasse residue. BEPL will also be one of India's first few manufacturers of Particle Boards, again



million in 2004, and US \$ 30 million in 2005. The foreign exchange outgo on the import of MDF and Particle Boards is projected to touch US \$ 300 million by 2010.

Bajaj Eco-tec Products Limited (BEPL), a wholly owned subsidiary of Bajaj Hindusthan Limited (BHL), is now all set to pioneer the trail-blazing manufacture of completely wood-free and environment-friendly MDF and Particle Boards in India to substitute wood in building construction and furniture manufacture. BEPL is also slated to manufacture Laminated Flooring and High Density Fibre (HDF) Boards.

from sugarcane bagasse. The Company is equipped with the largest production line in the country for making both MDF Boards and Particle Boards from sugarcane bagasse residue.



BEPL's installed capacity to manufacture 210,000 cubic metres of bagasse-based MDF, HDF and Particle Boards will prevent the felling of 420,000 mature trees in a year. This will significantly reduce the presence of carbon dioxide and other greenhouse gases in the earth's atmosphere. Scientists hold these greenhouse gases responsible for global warming and climate change.

What is even more commendable is that the manufacture of these wood-free agro-boards will generate additional employment in sugarcane cultivation, and consequently boost the economic development of backward rural areas.

BEPL's MDF & Particle Boards are completely wood-free and enjoy two distinct advantages. One, the main raw material, sugarcane bagasse, is from BHL. Two, coming from the House of Bajaj, these will be world-class products and will be cost-effective at the same time.

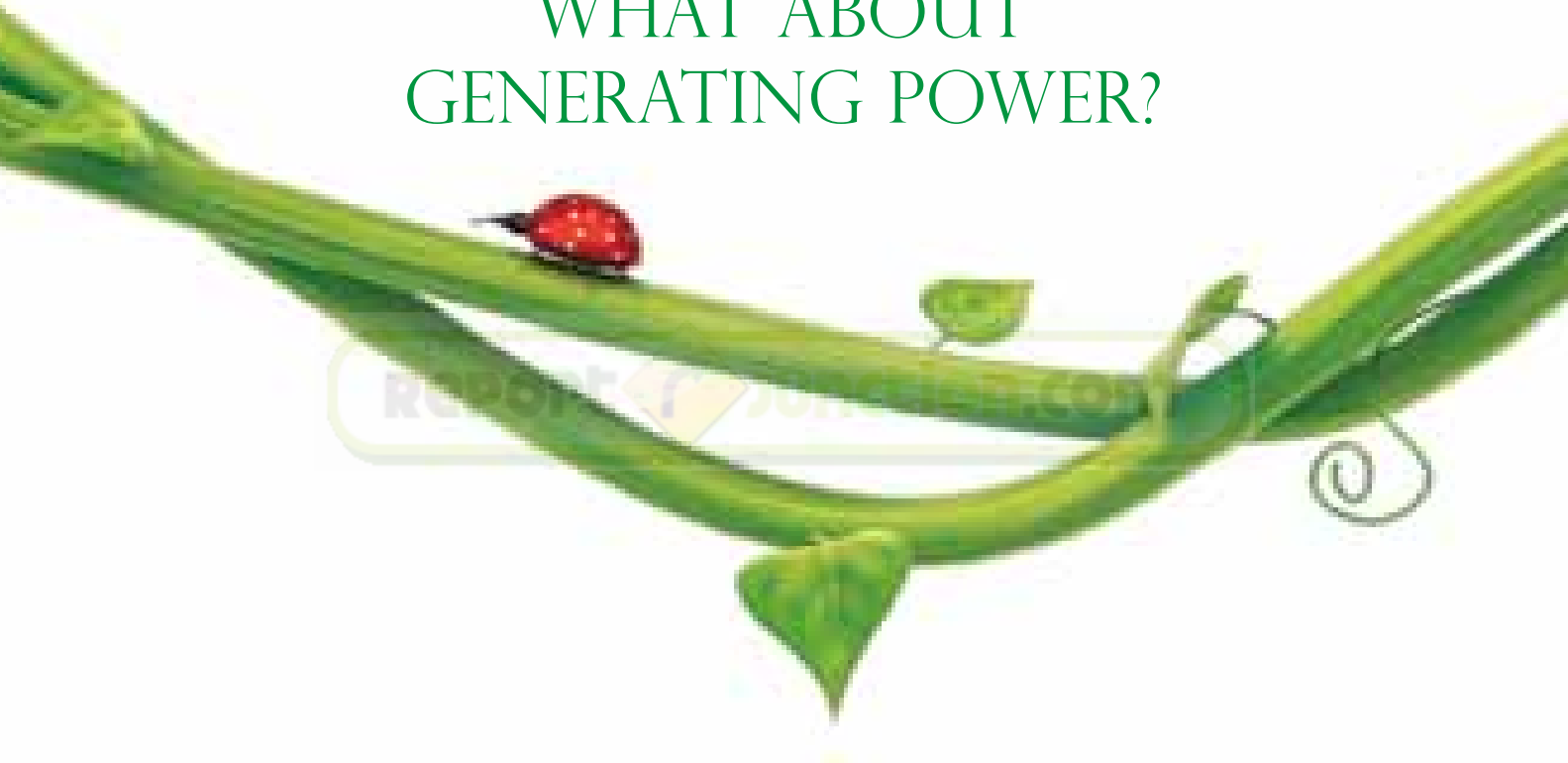
For eminently logistical reasons, one out of the two MDF plants of BEPL is located near the Palia sugar mill in central UP and the other near the Gonda sugar mill in eastern UP. The PB plant is located near the Kinauni sugar mill in western UP. Every BEPL plant is thus assured of the supply of its main raw material, bagasse residue, right at its doorstep.

The potential global demand for MDF Boards and Particle Boards is over 200 million cubic metres. But the global production is only about 125 million cubic metres. Thus the potential for growth is immense. BEPL has plans to gradually increase its capacity to reach out to this emerging demand.



IF YOU LOVE THE
ENVIRONMENT AS WELL
AS WOODEN FURNITURE,
YOU'LL LOVE WHAT
WE'RE DOING.

YOU'VE HEARD
OF SUGAR FACTORIES
CONSUMING POWER.
WHAT ABOUT
GENERATING POWER?



BHL starts environment-friendly Co-generation of power on significant scale

Sugar plants need steam at a low pressure and a low temperature for processing the sugar. The steam required is generated by burning the residue that is left behind after sugarcane is crushed. This residue is sugarcane bagasse waste.

at Kinauni was charged in July 2007. The plant has now begun supplying 10 MW of power to UPPCL. A 12 km power line has been erected from the Kinauni Unit to the Ami Nagar Sarai substation to facilitate power supply to the grid.

The sugar mills in Budhana, Gangnauli and Maqsudpur will soon start supplying power to the UP state grid .



With the new concept of eco-friendly Co-generation, BHL's sugar plants have been equipped with high-pressure boilers and turbines that intelligently use the fuel to get the maximum energy output. This has enabled the plants to produce more power while consuming only a part of it for their own requirements. This excess power is then transmitted to the state grid for onward distribution.

The Bilai Unit commenced Co-generation on April 1, 2007. The Thanabhawan plant commissioned its Co-generation facility on April 23, 2007. The Khambarkhera plant started Co-generation on May 6, 2007 while the sugar mill at Barkhera started power generation on May 31, 2007.

The power transmission line for the Co-generation facility

Co-generation reduces the emission of carbon dioxide into the atmosphere, thus curtailing the discharge of harmful Green House gases. Every BHL sugar mill thus contributes its mite to mitigating the adverse effects of climate change.



WE USE THE PLANTS
WE NOURISH
TO NOURISH EVEN
MORE PLANTS.





Growing vegetables with sugar

leaching of chemicals. Nor does it leave any chemical residue in the crops. The Company is working on further developing the product with bacteria, microbial activities and the incorporation of other micro nutrients.

The Company in its effort to popularise this concept, is getting into JVs and MOUs with leading fertilizer and chemical companies in India. Besides, the Company also organises 'Kissan Melas' and 'Kissan Ghoshtis', to educate farmers about the advantages of bio-manure.



Farmers across India face the problem of depleting levels of productivity in the soil. A primary reason for this is the indiscriminate use of advanced chemical fertilizers.

Bajaj Hindusthan Limited (BHL) has developed a solution to this problem – Bajaj Bhoo Maha Shakti Jevik Khad – a bio-manure made from distillery and sugar waste, which is rich in carbon and organic matter. This bio-manure works as the perfect soil conditioner. It does not allow any

Clean energy from sugarcane

In this age of environmental pollution, ethanol has come as a breath of fresh air. Ethanol is an alternative, sustainable and renewable fuel. Every tonne of sugarcane used to produce ethanol absorbs 0.17 tonnes of carbon dioxide (CO₂), which otherwise is a greenhouse gas that actively contributes to global warming and climate change. The emergence of this eco-friendly fuel saves India considerable foreign exchange and also generates additional employment in rural India.

Today, Bajaj Hindusthan Limited, with an emphasis on maintaining the fine balance of nature, has evolved as India's largest and the world's sixth largest producer of ethanol.



In August 2002, the Government of India advised blending 5% ethanol with gasoline. The sugar industry immediately undertook an investment of Rs. 900 crores to produce fuel ethanol. Sugarcane can produce both sugar or ethanol. Sugarcane today contributes to 70% of global sugar production. By June 2004, 300 million litres of fuel ethanol were in use in India.