Registered Office: Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021
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May 28, 2012

Dear Shareholder,

The operating and financial performance of the Company during the first half of FY2011-12 underscores the difficult sugar industry scenario this season characterized by higher sugarcane prices, lower recovery and subdued sugar prices.

The total revenues of the Company during this half year period October 1, 2011 to March 31, 2012 were Rs.1791.44 crore, reflecting a decline of 35% as compared to revenues of Rs.2740.01 crore in the corresponding period last year. The operating profit during this period was lower by 78% to Rs.88.82 crore and the Company registered a net loss of Rs.35.65 crore as compared to profit of Rs.130.68 crore in corresponding period last year.

As regards segmental performance, earnings in the sugar segment were subdued on account of rising cane costs and lower recoveries, which adversely impacted cost of production. Revenues from distillery division were also lower. However, robust contributions to profitability were registered from power segment owing to higher production and better realisations.

Sugar revenues decreased by 22% to Rs.1443.76 crore during the first half of FY2011-12 owing to lower volumes. The realisations however were stable. An aggregate of 50.85 lakh quintals were sold during this period and the average free sale realisation was at Rs.29.38 per kg. Landed cane costs for this period stood at about Rs.252 per quintal, significantly higher as compared to Rs.217 per quintal in the corresponding period last year. Recoveries for this period were lower at 9.11% as against 9.30% in the corresponding period last year. The sugar division's profitability in the second half of FY2011-12 will be impacted by higher cost of production.

Revenues from distillery division were down by 20% to Rs.134.81 crore. The sales volume was down by 26% to 468.94 lakh litres as against 636.47 lakh litres in the corresponding period last year.

Revenues from power segment were up remarkably by 71% to Rs.110.79 crore, with substantial increase in volume by 66% to 26.37 crore units as against 15.84 crore units in the corresponding period last year.

Finance cost for the half year stood at Rs.246.69 crore. Increase in finance cost was mainly on account of the current high interest rate scenario. As at March 31, 2012, BHL's long term borrowing (other than those due for payment within 12 months) were Rs.1805.93 crore and short term borrowing (including working capital) were Rs.4114.82 crore.

As you are aware, the Company concluded a Rights Issue in October 2011 and raised an aggregate of Rs.1479.75 crore. The principal object of issue was repaying/prepaying certain loan funds. The issue was priced at Rs.36/- per share (including share premium of Rs.35/- per share). Consequent to the allotment of Rights Shares, the Paid-up Equity Share Capital and Securities Premium Account have increased by Rs.41.10 crore and Rs.1438.65 crore respectively. These newly allotted shares rank pari passu in all respect with the existing equity shares of the Company. Out of the net Rights Issue proceeds an aggregate sum of Rs.969.24 crore have been utilised towards objects of the issue upto March 31, 2012. Pending utilisation, the balance proceeds have been temporarily used to reduce the exposure of working capital borrowings from banks, which will be redrawn as and when necessary to meet the obligations as per the object of the issue.

Bajaj Eco -Tec Products Limited – a wholly owned subsidiary of the Company engaged in the business of manufacturing of Particle Boards and MDF Boards has continued to strive for improved operational performance. The Company has initiated the process of Amalgamation of this wholly owned subsidiary with itself. The appointed date in this regard is proposed to be April 1, 2012. Being a wholly owned subsidiary, no shares will be issued.

Sugar production in India during the current sugar season 2011-12 is expected to be at 25.5 MMT. With the sugar season across India coming to a close, sugar prices are expected to remain stable in the short term. The likely consumption in the range of 23 million tonnes, will result in sugar surplus of around 2-3 million tonnes. Exports thus have become critical to maintaining domestic demand-supply balance and therefore reasonable prices. Should this not happen expeditiously, domestic prices will be under pressure and it will become difficult for sugar companies to make cane payments on time.

Earnings in the sugar segment were subdued on account of rising cane costs and lower recoveries, which adversely impacted cost of production. However, the power segment has reported encouraging growth in revenues and profitability. The distillery division is likely to perform better in the second half due to increased volumes and better realisation. We expect both distillery and power segments to be sustained drivers of bottom-line growth in the future.

With our leadership status, strong management team, strongest balance sheet in the industry, robust volume growth and integrated operations with focus on optimizing efficiency, we are certain of sustained growth in the company's businesses in years to come.

It has been a difficult period for the sugar industry. With diversified earnings, reduced leverage and stronger balance sheet, your company will be in a position to withstand the down cycle and emerge stronger.

Yours truly,

Sd/-

Shishir Bajaj
Chairman & Managing Director

HALF-YEARLY FINANCIAL RESULTS

Summary of unaudited Financial Results (Provisional) for the half year ended March 31, 2012

(₹ Lacs)

	Unaudited		Audited
Particulars	Current Year 6 Months 31.03.2012	Previous Year 6 Months 31.03.2011	Previous Year 12 Months 30.09.2011
Income from operations			
Net Sales/Income from operations (net of excise duty)	175,746	272,815	484,909
Other operating income	3,398	1,186	5,471
Total Income from operations (net)	179,144	274,001	490,380
Expenses			
a) Cost of materials consumed*	309,725	273,456	273,938
b) Changes in inventories of finished goods and work in progress	(185,750)	(85,938)	86,596
c) Employee benefits expenses	9,999	9,540	17,035
d) Depreciation and amortization expenses	16,995	16,763	33,091
e) Other expenses	19,293	18,945	27,766
Total	170,262	232,766	438,426
Profit/ (loss) from operations before other income, finance costs and exceptional items	8,882	41,235	51,954
Other income	8,593	602	1,535
Profit/ (loss) from ordinary activities before finance costs and exceptional items	17,475	41,837	53,489
Finance costs (Net)	24,669	23,770	51,595
Profit/ (loss) from ordinary activities after finance costs but before exceptional items	(7,194)	18,067	1,894
Exceptional items	-	-	-
Profit / (loss) from ordinary activities before tax	(7,194)	18,067	1,894
Tax expense	(3,629)	4,999	694
Net Profit / (loss) from ordinary activities after tax	(3,565)	13,068	1,200
Extraordinary items (net of tax expense Rs.Nil)	-	-	-
Net Profit / (loss) for the period	(3,565)	13,068	1,200
Paid-up equity share capital (face value - ₹ 1/- per share)	6,394	2,284	2,284
Reserves excluding revaluation reserve as per balance sheet of previous accounting year			311,707
Earnings per share (EPS) before and after extraordinary Items (Not Annualised)			
(a) Basic (₹ per share)	(0.62)	5.72	0.53
(b) Diluted (₹ per share)	(0.62)	5.72	0.53

* Including cost of raw material sold.

Notes:

1. Given the seasonal nature of the industry, the results of any period may not be a true and/or proportionate reflection of the annual performance of the Company.
2. Bajaj International Participações Ltda., the wholly owned subsidiary of the Company in Brazil, ceased to be a subsidiary w.e.f. January 26, 2012 consequent to completion of the winding up process. The entire capital invested by the Company has already been repatriated earlier.
3. Bajaj Energy Pvt. Ltd. (BEPL) - the SPV for 450 MW coal fired thermal power project - has ceased to be a subsidiary of the Company with effect from March 19, 2012 consequent upon allotment of further equity shares by BEPL on March 19, 2012 resulting in reduction of the Company’s shareholding to 26.07% from the earlier shareholding of 51%.

4. Statement of assets and liabilities (provisional) as at the end of half-year ended on March 31, 2012 is provided below: -

(₹ Lacs)

	Unaudited	Audited
Particulars	As at current half year end 31.03.2012	As at previous year end 31.03.2011
A. EQUITY AND LIABILITIES		
1. Share Holders' Funds		
a) Share capital	6,394	2,284
b) Reserves & surplus	446,719	311,707
Sub total – Shareholders' funds	453,113	313,991
2. Non-current liabilities		
a) Long-term borrowings	180,593	223,974
b) Deferred tax liabilities (net)	5,000	8,774
c) Long-term provisions	2,831	2,642
Sub-total- Non-current liabilities	188,424	235,390
3. Current liabilities		
a) Short-term borrowings	411,482	142,433
b) Trade payables	84,901	26,025
c) Other current liabilities	98,464	254,443
d) Short-term provisions	11,751	7,031
Sub-total- Current liabilities	606,598	429,932
TOTAL – EQUITY AND LIABILITIES	**1,248,135**	**979,313**
B. ASSETS		
1. Non-current assets		
a) Fixed assets	530,925	541,393
b) Non-current investments	174,027	134,379
c) Long-term loans & advances	1,946	1,968
d) Other non-current assets	281	281
Sub total – Non-current assets	707,179	678,021
2. Current assets		
a) Current investments	-	5
b) Inventories	237,184	46,782
c) Trade receivables	34,646	24,820
d) Cash and cash equivalents	53,686	58,509
e) Short-term loans and advances	133,330	94,251
f) Other current assets	82,110	76,925
Sub-total- Current assets	540,956	301,292
TOTAL ASSETS	**1,248,135**	**979,313**

5. The Statutory Auditors have carried out the "Limited Review" of the results for the six months ended March 31, 2012.

6. Previous period/year figures have been regrouped/ re-arranged/ reworked/ restated wherever necessary to conform to the classification of current period.

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