

FEBRUARY 02, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF BAJAJ HINDUSTHAN SUGAR LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	8,780.58	CARE BB (Double B)	Reaffirmed
Short-term Bank Facilities	329.04	CARE A4 (A Four)	Reaffirmed
Total Facilities	9,109.62 (Rupees Nine Thousand One Hundred Nine crore and Sixty Two lakh only)		

Rating Rationale

The ratings of the bank facilities of Bajaj Hindusthan Sugar Limited (BHSL – erstwhile Bajaj Hindusthan Ltd) continues to be constrained by the weak financial performance of the company during FY15 (refers to the period April 1 to March 31) owing to low prevailing sugar prices and mounting losses. The ratings also factor in BHSL's substantial investment in group companies (in early phase of business operations), cyclical sugar industry, working capital intensive nature of operations and regulated nature of business.

However, the ratings continue to derive strength from BHSL's experienced promoters and management team, long track record of operations, multi-location manufacturing setup and integrated nature of operations.

Going forward, the company's ability to improve its profitability and capital structure shall be the key rating sensitivities.

Background

BHSL, a part of the 'Shishir Bajaj Group', is one of the largest sugar manufacturing companies in the country and also the largest industrial alcohol manufacturer in India. BHSL has 14 sugar factories with an aggregate capacity of 1.36 lakh tonnes of sugarcane crushed per day (TCD). It has six distilleries with capacity to produce 800 kilo litre per day (KLPD) of industrial alcohol and owns co-generation plants having power generating capacity of 449 MW. The company also has two Medium Density Fiber Board manufacturing plants with capacity of 35,000 MT per annum.

BHSL had a total income of Rs.4,686.72 crore with a net loss of Rs.1,097.22 crore in FY15 as compared with the total income of Rs.6,746.11 crore and a net loss of Rs.1,533.12 crore during the 18-month period ended March 31, 2014.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691