

NOVEMBER 03, 2016

CARE REVISES RATINGS ASSIGNED TO THE BANK FACILITIES OF

BAJAJ HINDUSTHAN SUGAR LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	8780.58	CARE BB+ (Double B Plus)	Revised from CARE BB (Double B)
Short-term Bank Facilities	329.04	CARE A4+ (A Four Plus)	Revised from CARE A4 (A Four)
Total Facilities	9109.62 (Rupees Nine Thousand One hundred Nine crore and Sixty Two lakh only)		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Bajaj Hindusthan Sugar Limited (BHSL) takes into account the improved profitability supported by firming up of sugar prices and improved operational performance on the back of better sugar recovery rates. 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. The ratings are, however, constrained by BHSL's substantial investment in group companies, high repayment obligations for the restructured debt, cyclical nature of the sugar industry and regulated nature of business.

Going ahead, the ability of the company to improve profitability, effective management of operational cash flows and recovery of group advances to improve liquidity 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 tonne 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 reported a total income of Rs.4803.72 crore with a net loss of Rs.114.28 crore in FY16 (refers to the period April 1 to March 31) as compared with the total income of Rs.4686.72 crore with a net loss of Rs.1097.22 crore in FY15. During Q1FY17, the company reported a total operating income of Rs.1332.80 crore and a net loss of Rs.77.38 crore as against an operating income of Rs.1601.03 crore and PAT of Rs.103.80 crore during Q1FY16.

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

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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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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