

IFB-ND/AMT-I/2022-23/69

Date: 11th May, 2022

Mr. Mohit Agarwal,
R K Associates Valuers & Techno Engineering Consultants (P) Ltd.
D-39, 2nd Floor
Sector-2, Noida-201301

Dear Sir,

Engagement Letter for Appointment for TEV Study of Bajaj Hindusthan Sugar Limited (BHSL)

This with reference to your quote dated 05.05.2022 for conducting TEV study of the captioned company which is engaged in manufacturing Sugar and Ethanol products. In this connection, we inform you that R K Associates Valuers & Techno Engineering Consultants (P) Ltd. has been finalised by Core committee to appoint as consultant for TEV study of BHSL.

BHSL has approached consortium for restructuring of debt under RBI circular dated 07.06.2019 on resolution of stressed assets, as the same has already triggered with reference date of 31.12.2021.

Broad terms of the engagement are as follows:

1. Scope of work for above assignment has been annexed as Annexure-I.
2. Assignment to be completed within one month
3. Professional fee will be Rs 4.65 lacs plus applicable GST
4. Out of pocket expenses will be reimbursed after submission of final TEV report
5. Payment terms: 50% after submission of draft report and balance 50% after submission of final report

You are requested to inform about the progress regularly and submit the findings, documents, reports directly to State Bank of India, Industrial Finance Branch, Delhi.

SBI Capital Markets Ltd (SBICAPS) is the lenders advisor. Both, SBICAPS and Bajaj Hindusthan Sugar Limited shall facilitate all necessary data, information, documents, agreements required by you with regard to the study. If need, we shall intervene and expedite the process.

Communication address of the company: Baja Hindusthan Sugar Ltd. TC-13, City: Lucknow, Dist: Lucknow, State: Uttar Pradesh, India, Pin: 226010

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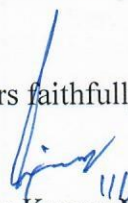
Industrial Finance Branch
Relationship Manager-I, Credit Division
14th Floor, Jawahar Vyapar Bhawan
1, Tolstoy Marg, New Delhi-110001



Contact persons – 1. Mr. Narender Soni (GM Finance) - Mobile No. 7838211190
2. Mr. Sunil Ojha, CFO: Mobile No: 9711880062

The assignment letter is being issued in duplicate and please send the duly accepted copy to us as acknowledgement and ensure to complete the assignment within prescribed timeline.

Yours faithfully,


(Ajay Kumar Nama)

Asst. General Manager & Relationship Manager

Encl: as specified



Scope of Work

Company Background

- Brief profile of the company and its business segments.
- Review of the organization structure and its suitability with company's future growth/business plan.
- Reasons for the recent problems being faced by the Company and the steps being taken/to be taken by the Company to address the same in future.
- Review of Company's adherence with good governing practices with suggestions for further improvements, if any.

Market Assessment

- Detailed market analysis for the business segments of the Company.
- Assess present market-size (domestic/ export) for each of the business segments.
- Assess current demand-supply situation for each of the business segments for next 10 years.
- SWOT analysis of the Company.
- Review and comment on Company's future business plan including major changes being carried out in existing business segments.
- Comparison of the company with other peers viz-a-viz Industry Standards.
- Review of the seasonality of the business.
- Comparison of R&D expenditure of the Company with other peers viz-a-viz Industry Standards.

Technical Assessment

- Review the technology being used by the Company and comment on its adequacy as compared to the industry standards.
- Review of manufacturing process.
- Review of material commercial contracts.
- Comments on the capital expenditure carried out in last 5-6 years and its impact on the future profitability of the Company. Also, comment upon the break-up of capital expenditure e.g. for capacity enhancement and regular business Capex such as development of prototypes etc.
- Identify bottlenecks, if any and processes to be restructured to improve operational efficiency.
- Detailed assessment of the capital expenditure required in future for debottlenecking, capacity optimization and gradual build-up of the capacities; given the current and future market demand.
- Detailed assessment of the regular year on year Capex (maintenance, regular business Capex) required in future.



- Comments on the improvement in the technology and impact on profitability of the Company as a result of the proposed Capex.
- Comments on the obsolescence of equipment.
- Assessment of the plant-wise useful economic life of Plant & Machinery.
- Assessment of the long-term investments made by the company and comment on their monetization in future.
- Review of condition of Plant & Machinery and comments on maintenance.
- Review of plant lay out consumption norms, operating systems installed, process yields and material handling facilities.
- Review of plant organization structure and manpower strength and comments on rationalization/ adequacy.
- Review of R & D practices/equipments and cost benefit analysis of R & D expenses carried out by the Company in the past and future plans for such expenses especially for prototype developments.

Financial/ Economical Assessment

- Review of financial performance of the Company for past 5 years.
- Identify the reasons for poor performance operationally and financially.
- Review the Business Plan and suggest improvements, if any.
- Estimated revenue stream for next 10 years.
- Estimated operating cost stream for next 10 years.
- Estimated operating profit (EBDITA) for next 10 years.
- Conclusions on the technical and economic viability of the company's operations.

Other Issues to be covered

- Analysis of overall performance of the facility including
- Review of Adequacy of Insurance taken by the company
- SWOT analysis of the Project

