



Bajaj Hindusthan Sugar Limited

Proposed Resolution Plan

April 28, 2022

Disclaimer

The information in this presentation is confidential and is intended solely for audience. The information may be considered as unpublished price sensitive information (UPSI) as per SEBI (Prohibition of Insider Trading) Regulations 2015 and recipient shall maintain confidentiality of such UPSI.

Company Overview – BHSL

Bajaj Hindusthan Sugar Limited (BHSL)

- ▶ BHSL is a Bajaj Group Company and is the largest sugar manufacturing company and the largest industrial alcohol / ethanol manufacturer in India
- ▶ Company has sugar mills and distilleries spread across Uttar Pradesh with its corporate office located in Lucknow (UP)
- ▶ Current production capacities of BHSL:

Sugar	14 mills	Crushing capacity of 1,36,000 TCD
Ethanol	6 distilleries	Capacity of 800 KLPD
Cogen Power	14 plants	Power generating capacity of 449 MW

TCD – Tonnes crushed per day; KLPD – Kilo litres per day; MW – Mega watt

Past Operational Performance

Particulars	Units	FY19	FY20	FY21	FY22
Cane crushed	Lac Qtl.	1,676	1,585	1,560	1,259*
Production of sugar	Lac Qtl.	191	185	174	129**
Sugar Recovery	%	11.40%	11.65%	11.06%	10.39%^
Sugar Sales	Lac Qtl.	195	187	185	131
Production of ethanol/ alcohol	Lac BL	1,077	572	909	1,731
Ethanol / Alcohol Sales	Lac BL	1,248	622	843	1,757
Export of power	MU	339	218	187	145

Qtl. - Quintal; BL - Bulk Litres; MU - Million units. Cane dues as on March 31, 2022 is Rs. 3,750 Cr
FY22 numbers are provisional

* Lower cane crushed in FY22 mainly due to delayed payments (leading to farmers' agitation), lower crop yield affected by red rot & root rot disease and untimely rainfall

^ Sugar recovery was lower mainly due to shifting from C molasses to B heavy molasses for ethanol production and lower pol in cane due to inclement weather conditions

** Sugar production was lower due to lower cane crushed and lower recovery

BHSL Shareholding as on March 31, 2022

Particulars	Number of shares	%
Promoters	31,87,43,422	24.95%
Banks (Public)	23,20,03,349	18.16%
Others (Public)	72,66,13,171	56.89%
Total	1,27,73,59,942	100.00%

BHSL Financial Snapshot

Particulars (Rs. Cr)	FY19	FY20	FY21	9M FY22
Revenue from operations	6,804	6,666	6,672	3,953
Other income	164	11	17	12
Total Income	6,968	6,677	6,689	3,965
Expenses	6,501	6,207	6,493	3,926
EBITDA	467	470	196	39
<i>EBITDA margin</i>	<i>6.70%</i>	<i>7.04%</i>	<i>2.93%</i>	<i>0.95%</i>
Finance cost	322	301	263	195
Depreciation	211	216	215	162
PAT	(64)	(105)	(280)	(318)
Net Worth	3,405	3,254	2,941	2,750
Sustainable Debt	2,431	1,886	1,766	1,404
Unsustainable Debt (OCD)*	3,483	3,483	3,483	3,483
Cane Dues	3,960	4,156	4,084	3,262

*YTM is payable on redemption and as such has been shown under contingent liability
(Rs. 1,390 Cr as on Mar 31, 2021)

BHSL – Market Cap as on Apr 21, 2022 is ~Rs. 2,869 Cr and Share Price is ~Rs. 20.53 as per BSE

bajaj SUGAR

Section 1

BHSL – Proposed Resolution Plan

Broad Contours of the Proposed Resolution Plan (1/2)

Proposal for capital and debt realignment

Amount in Rs. Cr

Summary of the Proposal

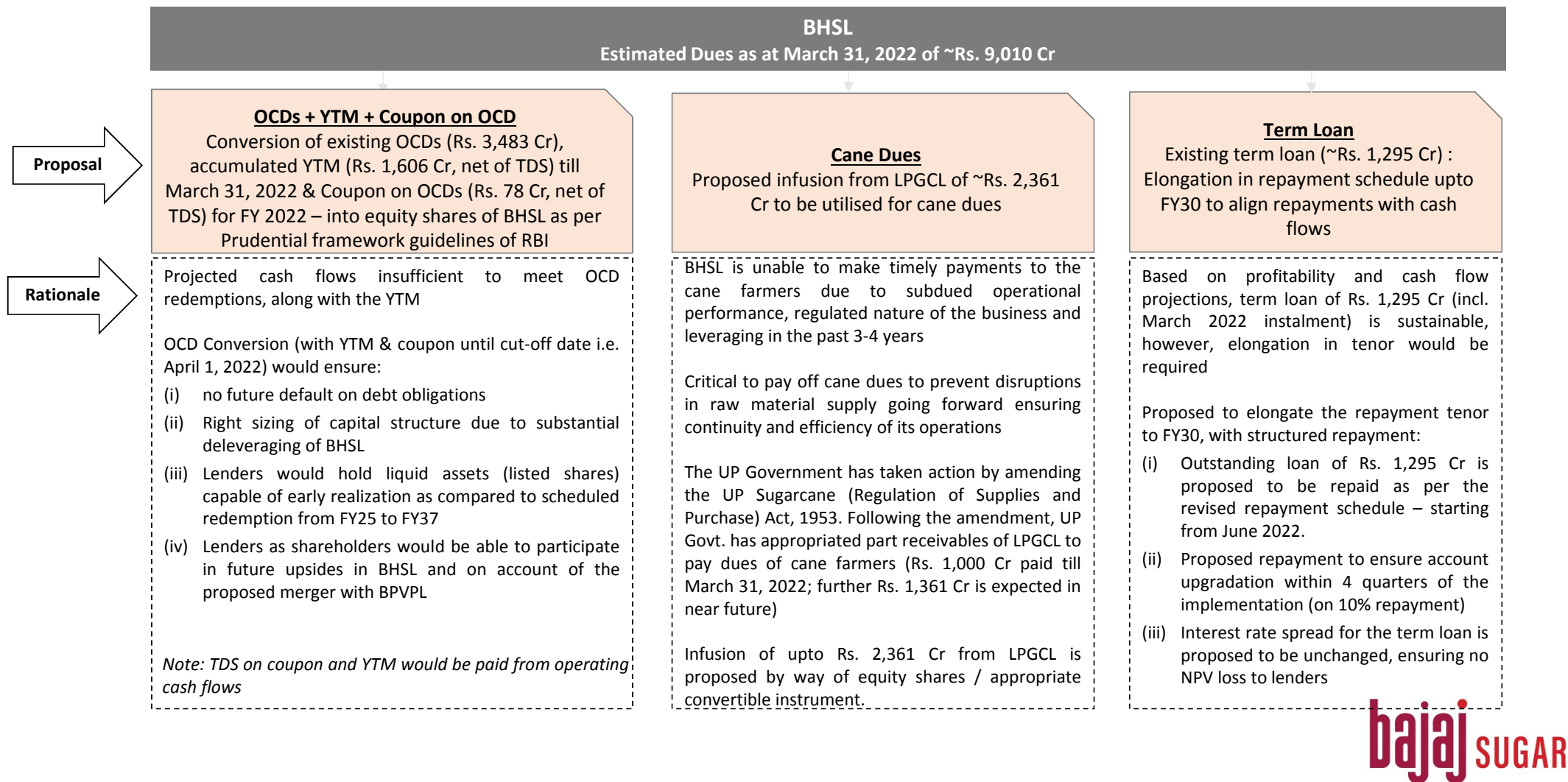
Estimated Position as on March 31, 2022	Amount	Proposed position on implementation	Amount
OCDs (Original repayment Mar 2025 to Mar 2037)	3,483	To be converted into BHSL Equity Shares by Lenders of BHSL (incl. accumulated YTM till March 31, 2022 and coupon on OCD for FY2022)	-
Accumulated YTM on OCDs till Mar 31, 2022 (Net of 10% TDS)*	1,606		
Coupon on OCDs for FY 2022 (Net of 10% TDS)*	78		
Estimated Cane payments	2,361	Payment through appropriation of LPGCL receivables made (Rs.1,000 cr.) / expected to be made (Rs. 1,361 cr.) by UP Government	-
Term Loan (Outstanding RTL – incl. Mar 2022 instalment – with original repayment scheduled upto FY25)	1,295	Term Loan tenor revised till FY2030 based on estimated operational cash flows and proposed to be repaid as per the revised repayment schedule – starting from June 2022.	1,295
TDS @ 10% on YTM & OCD coupon	187	Payment from operating cashflows	-
Total	9,010	Total	1,295

***Till Cut-off date for implementation of Resolution Plan – which is proposed to be April 1, 2022**

- As per the amended UP Sugarcane (Regulation of Supplies and Purchase) Act, 1953, UP Government has appropriated part receivables of LPGCL due from UPPCL to pay dues of cane farmers of BHSL – appropriation of Rs. 1,000 Cr has been effected till March 31, 2022
 - Additional ~Rs. 1,361 Cr is expected to be appropriated for payment of cane farmers dues in near future through UP Govt. action
- Such an infusion of funds in BHSL from LPGCL is proposed to be recognised as equity / convertible instrument held by LPGCL in BHSL

Broad Contours of the Proposed Resolution Plan (2/2)

Key contours



Key Projections post Implementation of Resolution Plan

With proposed infusion of upto Rs. 2,361 Cr from LPGCL for payment of critical cane dues, **conversion of OCD, YTM & Coupon into equity shares of BHSL and elongation in present repayment schedule for Term Loan**, following are the projected key financials of BHSL:

Amount in Rs. Cr

Key financials	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
Revenue	5,557	7,036	7,447	7,861	8,149	8,346	8,546	8,749	8,958	
EBITDA	248	380	494	531	545	558	568	577	583	
EBITDA margin %	4.46%	5.40%	6.63%	6.75%	6.68%	6.68%	6.65%	6.59%	6.50%	
Finance cost (RTL Interest)	151	122	108	95	82	68	52	32	12	
Other borrowing cost*	98	1,806	7	60	62	62	62	62	62	
Depreciation	216	216	215	214	214	214	215	215	216	
PAT	-217	-1,764	163	161	187	213	239	268	293	
EBITDA	248	380	494	531	545	558	568	577	583	
Less: Capex	-	-	-15	-15	-15	-15	-15	-15	-15	
Less: WC Changes	-637	-1,190	-161	-1,200	-201	-209	-155	-178	-238	
Less: WC Interest	-	-	-	-53	-54	-54	-54	-54	-54	
Add: Infusion from LPGCL	1,000	1,361	-	-	-	-	-	-	-	
Less: TDS on YTM & OCD Coupon	-	-187	-	-	-	-	-	-	-	
Less: Other borrowing costs	-7	-21	-6	-6	-6	-6	-6	-6	-6	
Add: Drawdown of WC	-	-	-	1,041	29	-	-	-	-	
Opening cash balance	63									
Net cash for debt servicing (A)	667	342	311	298	298	274	338	324	269	
Finance cost on Term Loan	167	122	108	95	82	68	52	32	12	
Term loan repayment	471	142	130	130	142	142	207	207	194	
Total debt servicing (B)	638	264	238	225	225	211	259	239	206	
Cash DSCR		1.30	1.31	1.33	1.32	1.30	1.30	1.35	1.31	
Average DSCR^		1.31								
Proposed Repayment Schedule	Mar 2022	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Total
Term loan & WCTL	1,295	11.00%	10.00%	10.00%	11.00%	11.00%	16.00%	16.00%	15.00%	100%

Note: 1. Outstanding OCDs of Rs. 3,483 Cr proposed to be converted to equity shares along with YTM net of TDS (accumulated till March 31, 2022) and coupon on OCD (net of TDS) for FY2022

2. As the matter of SPP Claims is sub-judice, accordingly cashflows from the same have not been considered in the projections

* includes coupon on OCD in FY 2022 and YTM on OCD (till Mar 31, 2022) in FY 2023

^ Average DSCR computed for period from FY23 to FY30

Retirement of critical cane dues

Critical Payment of Cane Dues

- ▶ Immediate payment of cane dues is critical to prevent disruptions in raw material supply and for efficient & continued business operations
 - ▶ During sugar season 2021-22, Company faced farmers' agitations and cane diversion due to delayed cane payments which affected the raw material availability
- ▶ The unpaid cane dues attracted action by State Government under the amended UP Sugarcane (Regulation of Supplies and Purchase) Act, 1953
- ▶ Also, the Act requires payment within 15 days of receipt of sugarcane

Cane dues outstanding of BHSL as on March 31, 2022

Gross Cane dues
Rs. 3,750 Cr

—

Inventory
Rs. 2,684 Cr

=

Net Cane dues
Rs. 1,066 Cr



- ▶ The net cane dues as on March 31, 2022 are proposed to be cleared through additional appropriation of ~Rs. 1,361 Cr by UP Government from LPGCL into BHSL
(Part receivables of LPGCL of Rs. 1,000 Cr have already been appropriated through UP Government action for payment to cane farmers till March 31, 2022)
- ▶ This shall support in streamlining the outstanding cane dues of BHSL going forward as seen from the projections below:

	Provisional	Projected							
Particulars	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Cane Payable days	313	179	170	100	93	85	79	72	62
Gross cane dues (Rs. Cr)	3,750	2,694	2,693	1,667	1,581	1,474	1,397	1,299	1,141
Finished goods Inventory days	225	179	181	181	180	180	181	182	182
Finished goods Inventory (Rs. Cr)	2,684	2,787	2,945	3,106	3,182	3,257	3,334	3,413	3,493

Working capital facility is important for cane dues reduction. The same is expected to be available for draw down from FY25 as per the projections.

bajaj SUGAR

Projected Shareholding of BHSL post Restructuring

Conversion of OCDs to equity shares of BHSL

- ▶ Outstanding OCDs held by lenders (along with YTM till cut-off date & OCD coupon for FY 2022) of ~Rs. 5,167 Cr to be converted into Equity Shares of BHSL
- ▶ Rate of conversion to be determined by Prudential Framework of RBI dated June 7, 2019 Circular (lower of Book Value or 26 W / 2W VWAP of listed stock)
 - ▶ Rs. 12.14 per share Book Value on Mar 31, 2021 (based on latest available audited financials) is lowest as on the illustration date

Equity infusion of upto Rs. 2,361 Cr by LPGCL in BHSL

- ▶ Infusion is proposed as equity shares / appropriate convertible instruments
- ▶ To cap shareholding of Promoters at 25% to avoid open offer, infusion to the extent of Rs. 1,722 Cr is assumed to be converted into equity shares and balance Rs. 639 Cr assumed to be infused in the form of convertible / equity like long term instruments
- ▶ Applicable pricing for LPGCL's infusion into BHSL (proposed as convertible instruments / equity) to be governed by SEBI ICDR norms for investment in stressed companies (higher of VWAP of 90 trading days and 10 trading days) and would not be lower than lenders conversion price.
- ▶ For illustration, infusion is assumed to be at the same rate at which is OCD is getting converted i.e. Rs. 12.14 per share

BHSL – Projected shareholding

Particulars	Existing shareholding (as on Mar 31, 2022)		Shares issued under Resolution Plan	Expected shareholding based on Resolution Plan	
	Number of shares	%	Number of shares	Number of shares	%
Promoters	31,87,43,422	24.95%	1,41,84,51,400	1,73,71,94,822	24.99%
Banks (Public)	23,20,03,349	18.16%	4,25,64,53,038	4,48,84,56,387	64.56%
Others (Public)	72,66,13,171	56.89%	-	72,66,13,171	10.45%
Total	127,73,59,942	100.00%	5,67,49,04,438	6,95,22,64,380	100.00%

Note:

- ▶ The above calculation is for illustrative purposes only and as per the current prevailing laws
- ▶ Issuance of equity shares shall be subject to the applicable laws and pricing as on the date of issuance / conversion / actual reference date

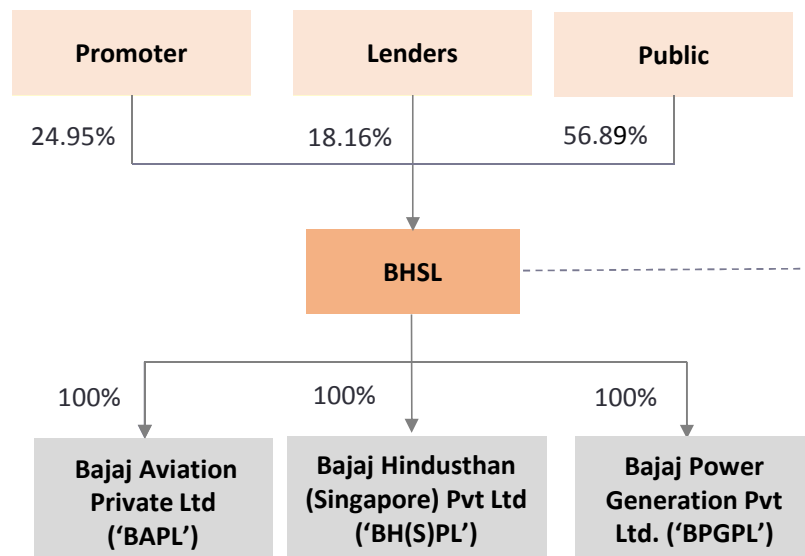
Section 2

Proposed Merger of Power Business with BHSL & Demerger of Sugar & Ethanol Business

Existing Shareholding structure of key companies of Bajaj Group

Bajaj Hindusthan Sugar Limited ('BHSL')

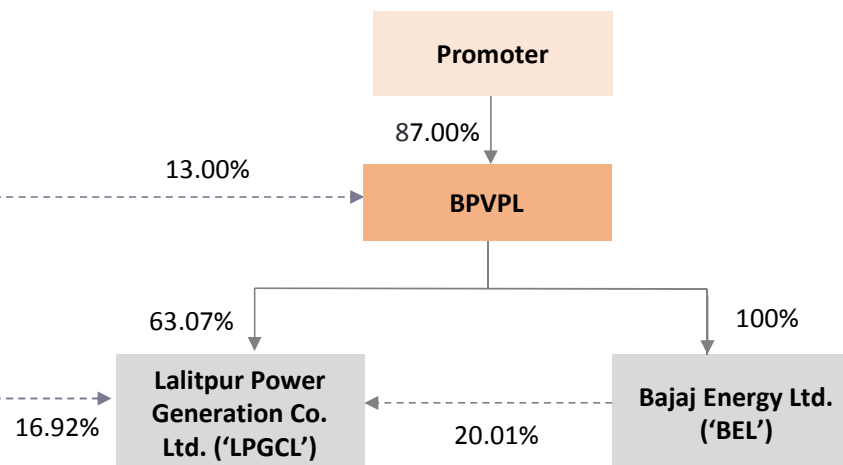
As on March 31, 2022



Promoter shareholding in BHSL	% shareholding
Individuals	8.84%
Bajaj Resources Limited	6.89%
SKB Roop Commercial	4.74%
Bajaj International Reality Pvt. Ltd.	2.17%
A N Bajaj Enterprises Pvt. Ltd.	1.43%
Others*	0.88%
Total Promoter & Promoter Group	24.95%

Bajaj Power Ventures Private Limited ('BPVPL')

As on March 31, 2022



Promoter shareholding in BPVPL	% shareholding
Lambodar Stocks Private Limited	17.07%
Ma Multi Infra Development Private Limited (erstwhile Ma Multi-Trade Private Limited)	21.49%
Anand Engineering Limited (erstwhile BIDCO)	18.78%
Shishir Bajaj (Incl. on behalf of family Trust)	13.02%
Abhitech Developers Pvt Ltd	3.53%
Bajaj Resources Ltd	5.86%
Others*	7.25%
Total	87.00%

*Others include other trusts and Promoter Group Companies

Bajaj Power Ventures Private Limited

Lalitpur Power Generation Company Limited & Bajaj Energy Limited

Amount in Rs. Cr

Bajaj Power Ventures Private Limited

BPVPL is a private limited company engaged in the business of developing power projects through its subsidiaries and making investments

Lalitpur Power Generation Company Limited ('LPGCL')

- ▶ LPGCL has installed 1,980 MW super-critical thermal power plant in Lalitpur District of UP:
 - ▶ Power Plant: supplied by Bharat Heavy Electricals Ltd. (BHEL)
 - ▶ Power Off-Take: Long term PPA has been signed with UP Discom (UPPCL) for 25 years tenure – for 100% of plant capacity, full cost pass-through, "Take or Pay" basis
 - ▶ Fuel Supply Agreement: Long term FSA has been entered into with Coal India Ltd. (subsidiaries)
 - ▶ Plant was commissioned in Dec 2016

Financial Snapshot

Particulars	FY19	FY20	FY21
Total Operating Income	5,401	5,537	5,945
EBITDA	3,334	3,147	3,465
EBITDA Margin	62%	57%	58%
Finance costs	1,959	1,968	1,839
PAT	332	225	672
Net Worth	4,834	5,285	5,953
Long term debt (incl. current maturities)	13,143	12,908	12,879
Short term debt	2,540	2,718	778
Total Debt	15,683	15,626	13,657

As on Mar 31, 2022, LPGCL has Long term debt outstanding of Rs. 11,259 Cr and fund based working capital outstanding of Rs. 1,864 Cr

Bajaj Energy Limited ('BEL')

- ▶ BEL operates 450 MW thermal power plants as an independent power producer in UP
 - ▶ BEL has 5 coal based thermal power projects of 90 MW each at Khambarkhera, Maqsoodapur, Barkhera, Utraula and Kundarkhi in UP
 - ▶ Power Off-Take: BEL has entered into a PPA with UPPCL for 25 years.
 - ▶ Fuel Supply Agreement: Long term FSA has been entered into with Coal India Ltd. (mainly Northern Coalfields Ltd.)
 - ▶ 3 plants were commissioned in March 2012 and 2 plants in April 2012

Financial Snapshot

Particulars	FY19	FY20	FY21
Total Operating Income	900	783	997
EBITDA	520	481	491
EBITDA Margin	58%	61%	49%
Finance costs	245	235	216
PAT	99	79	103
Net Worth	1,378	1,458	1,561
Long term debt (incl. current maturities)	1,378	1,194	1,085
Short term debt	504	504	495
Total Debt	1,882	1,698	1,580

As on Mar 31, 2022, BEL has Long term debt outstanding of Rs. 889 Cr and fund based working capital outstanding of Rs. 411 Cr

bajaj SUGAR

Proposed Scheme of Merger & Demerger

Merger of Bajaj Power Ventures Private Limited (BPVPL) with Bajaj Hindusthan Sugar Limited

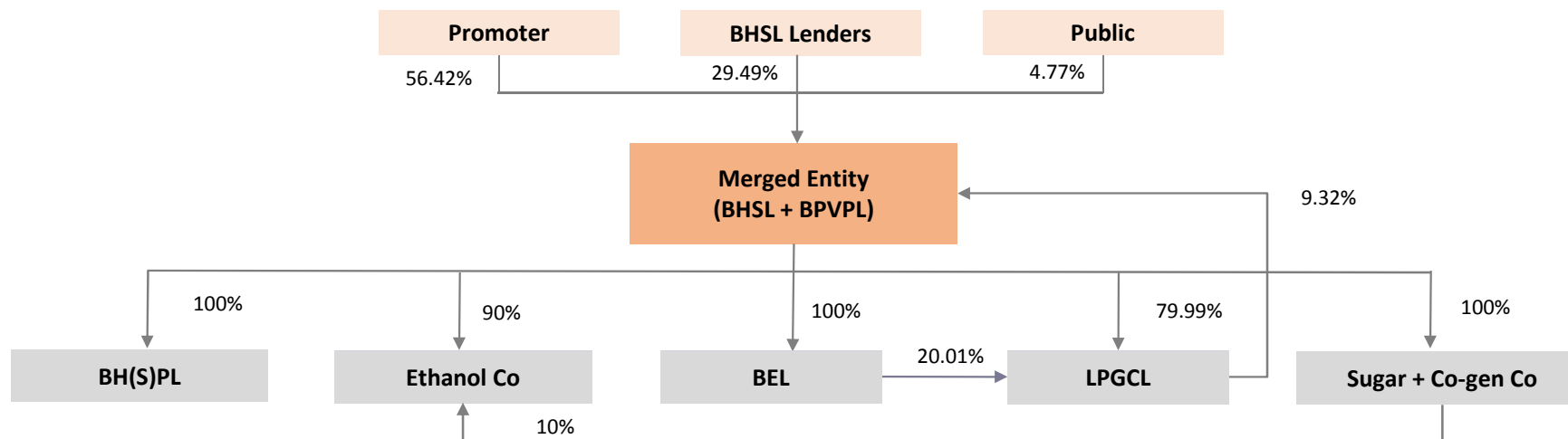
- ▶ Post the proposed restructuring of BHSL, the Promoters of Bajaj Group propose to merge BPVPL (Holding company of Power business) with BHSL vide a scheme of amalgamation as per the provisions of Companies Act, 2013
 - ▶ As per the proposed scheme, the operating power companies (LPGCL & BEL) would become subsidiary of BHSL (HoldCo) – post merger with BPVPL.
 - ▶ As part of the scheme, the two WOS of BHSL (BPGPL & BAPL) are also proposed to be merged with BHSL
- ▶ Proposed merger would provide BHSL Lenders (shareholders in BHSL through OCD conversion) stake in the power business which is performing well

Demerger of Sugar+Co-Gen & Ethanol Business – as subsidiaries of BHSL (HoldCo)

- ▶ As part of the overall scheme, BHSL also proposes to demerge its Sugar+Co-Gen & Ethanol businesses into its two separate subsidiaries.
 - ▶ Ethanol business is proposed to be transferred to the subsidiary by way of Slump-Sale – post restructuring of BHSL
 - ▶ Sugar+Co-Gen division would be transferred to another subsidiary by way of Demerger process.
- ▶ Post completion of the Merger / Demerger / Slump-Sale process, there would be 5 subsidiaries under the Merged Entity (BHSL HoldCo) - LPGCL, BEL, BH(S)PL, Sugar+Co-gen and Ethanol Company
- ▶ The Merged Entity (Hold Co for Power, Sugar and Ethanol businesses) shall continue to be a listed entity as BHSL – listed on NSE and BSE
- ▶ Management also plans to list the Sugar & Co-gen and Ethanol Companies in future; IPO proceeds to be utilised for debt prepayments and growth capital.

Proposed Structure of Merged Entity

Proposed Resultant Structure Post Restructuring of BHSL and Merger / Demerger



- ▶ BHSL to incorporate two new subsidiaries i.e. Ethanol Co and Sugar Co to demerge / slump-sale the operations (excluding immovable properties)
 - ▶ BHSL to lease identified immovable properties to Sugar Co and Ethanol Co.
- ▶ Demerger of Sugar and Ethanol businesses from BHSL into separate subsidiaries to entail division of assets and liabilities among the two entities
 - ▶ The restructured outstanding debt of Rs. 1,295 Cr in BHSL is also proposed to be divided at sustainable levels as per each company's projected cash flows
 - ▶ Door-to-door tenure of debt proposed to be maintained as per the implemented Resolution Plan
 - ▶ No dilution of BHSL Lenders' security is proposed – through cross collateralisation of assets of both subsidiaries and assets which are presently given as security at BHSL HoldCo level
- ▶ BHSL to issue equity shares to shareholders of BPVPL as consideration for merger as per swap ratio based on respective company valuations

Note: Above shareholding are indicative and may change on finalisation of the scheme.

Estimated Valuations for Swap Ratio

Amount in Rs. Cr

Bajaj Power Ventures Private Limited ('BPVPL')

BPVPL value is based on Net Asset Value method by adding up values of BEL and LPGCL which is computed based on discounted cash flow method

BPVPL	Rs. Cr
Estd. valuation of BEL	1,147
Estd. valuation of LPGCL	6,633
Less: BHSL shareholding in BPVPL (13.00%)	(892)
Total Estd. BPVPL Value held by Promoters (A)	6,888

LPGCL	Rs. Cr
DCF value	6,879
Add: 20.40% shareholding in BHSL (based on Resolution Plan)	918
Estd. Value of LPGCL	7,797
Less: 16.92% held by BHSL in LPGCL	(1,164)
Estd. Value of BPVPL's share (83%) in LPGCL	6,633

Bajaj Hindusthan Sugar Limited ('BHSL')

BHSL	Rs. Cr
Estd. valuation of BHSL	6,554
Less: 83.08% of LPGCL's shareholding in BHSL	(763)
Estd. Value of BHSL for Swap ratio calculation (B)	5,792

Particulars	Rs. Cr
EBITDA^	349
EV/EBITDA*	16.6x
Estd. Enterprise Value	5,793
Less: Debt	(1,295)
Estd. Equity Value	4,498
Add: 16.92% held by BHSL in LPGCL	1,164
Add: BHSL shareholding in BPVPL (13.00%)	892
Estd. Equity Value of BHSL	6,554

^ Normalized Prov. EBITDA for FY22 (Rs. 248 Cr adjusted for one-time repairs exp. of ~Rs. 101 Cr)

* Source: HDFC Securities Report dated Mar 17, 2022

Source: The illustrative calculations above are as per Company's internal assumptions;

Please note, the fair value estimations are being carried out by independent valuers and would be subject to applicable laws / guidelines, the valuation may change accordingly.

Shareholding post BHSL Restructuring with Merger

Amount in Rs. Cr

Calculation of Swap Ratio	
Number of shares to be issued by BHSL for every share of BPVPL - Swap Ratio (A/B)	1.19
No. of shares of BHSL post restructuring (In Cr)	695.23
Shares to be issued to BPVPL shareholders for Swap (In Cr)	829.77

Based on Swap Ratio of 1.19 : 1, 829.77 Cr shares of BHSL is to be allocated to the shareholders of BPVPL

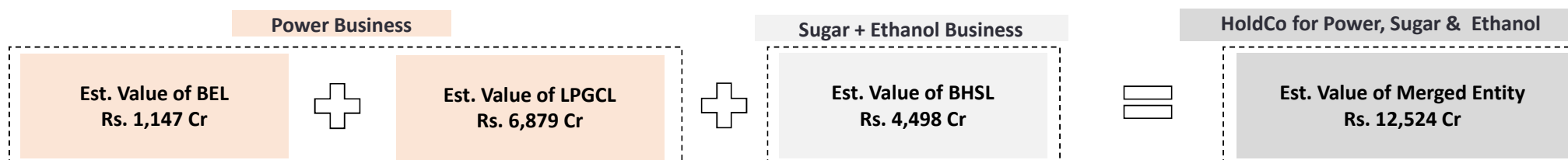
BHSL Shareholding (Existing, Post Restructuring & Post Merger)

Shareholders	Existing pre restructuring		Addl. shares in Restructuring	Post Restructuring		Post Merger	
	No. of Shares (in Cr)	%		No. of Shares (in Cr)	%	No. of Shares (in Cr)	%
Promoter (incl. LPGCL)	31.87	24.95%	141.85*	173.72	24.99%	1,000.49	65.74%
BHSL Lenders	23.20	18.16%	425.65**	448.85	64.56%	448.85	29.49%
Other Public	72.66	56.89%	-	72.66	10.45%	72.66	4.77%
Total	127.74	100.00%	567.49	695.23	100.00%	1,522.00	100.00%

* Rs. 1,722 Cr out of LPGCL's ~Rs. 2,361 Cr infusion converted @ Rs. 12.14 / share

**Rs. 3,483 Cr OCD + Rs. 1,606 Cr YTM till March 31, 2022 (net of TDS) + Rs. 78 Cr coupon on OCD (net of TDS) for FY 2022 converted @ Rs. 12.14 / share

Value of Merged Entity is summation of Power, Sugar and Ethanol



Source: The illustrative calculations above are as per Company's internal assumptions;

Please note, the fair value estimations are being carried out by independent valuers and would be subject to applicable laws / guidelines, the valuation may change accordingly.

bajaj SUGAR

Impact on BHSL Lenders' Exposure

Amount in Rs. Cr

Post restructuring & post-merger recovery of BHSL Lender's exposure

Exposure of BHSL Lenders	Pre Restructuring	Post Restructuring & Post Merger
Applicable value	1,900 ¹	12,524 ²
BHSL Lender's shareholding	18.16%	29.49%
Equity value for BHSL Lenders (A)	345	3,694³
OCD	3,483	-
Term Loan	1,295	1,295
Coupon	87	-
Recoveries	-	187
Total Debt exposure / recovery (B)	4,865	1,482
Total exposure of BHSL Lenders (A+B)	5,210	5,176
Net differential in exposure	-	(35)
Differential as % of total exposure	-	(0.66%)

1. BHSL's average Market Cap of ~Rs. 1,900 Cr over past 26 weeks till Mar 31, 2022
2. Combined value of power and sugar business of ~Rs. 12,524 Cr
3. Estd. value for existing shares and shares issued upon restructuring for conversion of OCD + YTM till March 31, 2022 & OCD Coupon for FY 2022

- The Power business adds on substantial value to the Merged Entity in which BHSL Lenders also participate
- Based on indicative calculation, the net differential in post restructuring - post merger vs. pre restructuring equity value and sustainable exposure of BHSL Lenders is -ve ~Rs. 35 Cr (i.e. ~0.66% of total exposure)
- Management believes that value of Merged Entity, if estimated based on respective business' peer group EV/EBITDA multiple, would be much higher, thus compensating BHSL Lenders for the abovementioned net differential

Particulars	Revenue	EBITDA
LPGCL (FY 21)	5,945	2,834 [^]
BEL (FY 21)	997	491
BHSL (FY 22 Prov.)	5,557	349 [*]
Total	12,499	3,674

[^]EBITDA adjusted for one time income and expenditures for FY21

^{*}Normalized Prov. EBITDA (Rs. 248 Cr adjusted for one time repairs exp. of ~Rs. 101 Cr)

- Estimated value of Merged Entity based on EV/EBITDA multiple of Power business & Sugar business aggregates ~Rs. 19,630 Cr
- Accordingly, for 29.49% shareholding post restructuring – post merger, equity value for BHSL Lenders would be ~Rs. 5,789 Cr and thus, total realizable value would be ~Rs. 7,271 Cr as against pre restructuring exposure of ~Rs. 5,210 Cr
- Further, any operational improvement in sugar business due to deleveraging and resolution of critical cane dues would be value accretive for the sugar and ethanol business

Promoters further propose to protect BHSL Lenders' exposure through a structured option...

bajaj SUGAR

Impact on BHSL Lenders' Exposure

Proposal for value protection for Lenders

Amount in Rs. Cr

Proposal for value protection for BHSL Lenders

- ▶ In order to protect BHSL Lenders' value, Promoters propose to enhance BHSL Lenders shareholding to 29.99% by maintaining ~0.50% of the promoter's equity stake in Merged Entity in a trust for a period of 18 months from the date of merger for value stabilization and fall back option for Lenders
- ▶ For first 15 months, price of merged entity is expected to stabilize and improve based on market perception of its strength – during this period, no alteration would be allowed in the trust holding
- ▶ In the next 3 months (i.e. 16th to 18th month), the following operations may be performed in the trust holding –

BHSL Lenders Exposure based on 29.49% shareholding	Treatment of ~0.50% shares in Trust
If post restructuring-post merger exposure \geq pre restructuring exposure continuously for 1 month	Shares to be released to the promoter
If post restructuring-post merger exposure $<$ pre restructuring exposure	Shares to be transferred to the lenders

Exposure of BHSL Lenders	Post Restructuring & Post Merger
Applicable value	12,524
BHSL Lender's shareholding (after transfer of 0.50% shares from trust)	29.99%
Equity value for BHSL Lenders (A)	3,756
OCD	-
TL	1,295
Recoveries	187
Total Debt exposure / recovery (B)	1,482
Total exposure of BHSL Lenders (A+B)	5,238
Net gain in exposure	28
Differential as % of total exposure	0.54%

The proposal ensures value protection for BHSL Lenders as well as exhibits promoter's commitment and intent for revival of BHSL

Section 3

Request to Lenders

Requests to Lenders of BHSL

Requests to BHSL lenders

- ▶ Cut-off date for implementation of resolution plan proposed to be considered as April 1, 2022. To appropriate / adjust the debt servicing done after the proposed cut-off date – till implementation of the Scheme – towards repayment / prepayment of term loan (Rs. 1,295 Cr) as per the revised repayment schedule and future interest servicing.
- ▶ Holding of operations on all accounts with effect from April 1, 2022 for business continuity and preventing value erosion.
 - ▶ Lenders are requested not to charge & waive all fees and charges including any one time fee/charges on default/ penal interest, etc.
- ▶ Allow infusion of upto Rs. 2,361 Cr in BHSL from LPGCL in the form of equity shares / appropriate convertible / equity like long term instrument and utilize the same for payment of cane dues
 - ▶ Also, to waive the requirement of pledging the equity shares (as per condition stipulated in MFA) to be allotted to LPGCL (being member of BHSL's Promoter Group) in favour of BHSL lenders
- ▶ Conversion of outstanding OCDs along with YTM (till cut-off date) & coupon on OCDs for FY 2022 into equity shares of BHSL in line with extant regulatory guidelines
- ▶ Revision in repayment schedule of term debt (Rs. 1,295 Cr) by elongating the repayment tenor to FY 2030, with structured repayment schedule. Also merge different term loan facilities into one single term loan facility.
- ▶ Restoration of FBWC limit based on the assessment considering that the cane dues have been / being paid.
- ▶ To consider ~Rs. 2,361 Cr fund infusion from LPGCL as compliance with condition stipulated as per the Master Framework Agreement of return of loans & advances and recovery of investments of ~Rs. 2,626 Cr
 - ▶ BHSL shall continue to hold 16.92% stake of Rs. 770 Cr in LPGCL
- ▶ Other requests considering achievement of significant deleveraging and long term sustainability of business based on the Resolution Plan:

Waiver of following conditions as stipulated in MFA:

Release of following securities:

- | | |
|---|--|
| <ul style="list-style-type: none"> ▶ Recovery of Investments, Loans & Advances; ▶ Sale of non-core assets; ▶ Equity Infusion by Promoter – Rs. 1,200 Cr; and ▶ Lenders Right of Recompense (ROR). | <ul style="list-style-type: none"> ▶ Personal Guarantee of Mr. Kushagra Bajaj; ▶ Corporate Guarantee of Bajaj International Realty Pvt. Ltd.; ▶ Pledge on 21,82,870 equity shares of LPGCL; and ▶ Pledge on 3,63,00,011 equity shares of Bajaj Energy Ltd. |
|---|--|
-
- ▶ Allow modification in TRA agreement to pay O&A expenses in priority along with cane price payments
 - ▶ Approval of the proposed Merger / Demerger / Slump-sale proposal and NOCs which will be required in connection with the same.
 - ▶ **Request lenders to approve the proposed Comprehensive Plan – incl. Resolution Plan and merger / demerger / Slump-sale**
 - ▶ Comprehensive Plan would provide long term solution to the issues of high leverage, continuing cash flows constraints and would be value accretive to all the stakeholders.
 - ▶ Lenders are requested to give all NOCs related to restructuring of loan (incl. elongation of repayment tenor), conversion of OCDs+YTM+Coupon into equity shares, issuance of equity shares / convertible instrument to LPGCL, merger / demerger / slump-sale, transfer of BHSL assets / loan into its proposed subsidiaries and for providing assets on lease to the said subsidiaries etc.

Section 4

Indicative Timeline

Indicative timeline for Comprehensive Proposal (1/3)

Sr. No.	Key Steps	Month									
		Mar-22		Apr-22		May-22		Jun-22		Jul-22	
		1		2		3		4		5	
		1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd
1	- In-principle approval of BHSL's board (Slump sale, merger and demerger) and intimation to exchange	Done									
2	- Sharing draft of RP along with Merger/Demerger scheme ('Comprehensive Proposal') with Lenders - Engaging with Lenders for negotiating terms and incorporating comments	Sharing draft of the Comprehensive Proposal & Discussion with Lenders									
3	- Requesting quotes from Registered Valuers, TEV Consultant, LLC and CRAs by Lenders				Requesting quotes						
4	- RP and Merger/Demerger scheme recorded by the Consortium of Lenders in Consortium meeting				Discussion and Recording in Consortium minutes						
5	- Appointment of LLC				LLC						
6	- Appointment of Registered Valuer, undertaking of Valuation and submission of Valuation report as per SEBI ICDR for OCD conversion					OCD conversion Valuation					
7	- Appointment of TEV Consultant, site visits, undertaking of TEV study and submission of TEV study report					TEV					
8	- Appointment of CRAs, undertaking of ICE by two CRAs, discussions with CRAs for obtaining an RP4 rating and submission of RP4 rating by CRAs					Credit Rating					
9	- Processing and receipt of SBI sanction on RP and Merger/Demerger scheme					Lead Bank (SBI) processing and sanction					
10	- Approval of Comprehensive Proposal by MC of each Lender forming part of the consortium					Other BHSL Lenders Approval					
11	- Lender's approval - LPGCL infusion in BHSL					LPGCL Lenders Approval					
12	- Documentation & Implementation of Comprehensive Proposal - BHSL							Documentation & Implementation			
13	- Stock Exchange approval required (Shareholder Resolution NOT required) for conversion of OCD (Principal)							SE Approvals			
14	- Shareholder approval and Stock Exchange "in-principle" approval for conversion of YTM & OCD Coupon into equity and increase in Auth. Share Capital							SHR (1.a) & SE Approvals			
15	- Incorporation of Ethanol Subsidiary Co, Sugar Subsidiary Co by BHSL - Ethanol Subsidiary Co and Sugar Subsidiary Co should be a public limited company							SHR (1.b) Approvals and company incorporation			
16	- OCD, YTM & Coupon - Conversion and Listing									Conversion	Listing

Indicative timeline for Comprehensive Proposal (2/3)

Sr. No.	Key Steps	Month									
		Jul-22		Aug-22		Sep-22		Oct-22		Nov-22	Dec-22
		5		6		7		8		9	10
		1st	2nd	1st	2nd	1st	2nd	1st	2nd	9	10
17	- Shareholders and Stock Exchange approvals for allotment of OCRPS to LPGCL, Inclusion of Preference Share Capital in Auth. Share Capital and SEBI Approval	SHR (2.a), SE & SEBI approvals									
18	- Shift of Registered Office (RO) of BHSL to Haryana	SHR (2.b)			RD Approval & Other Activities						
19	- Slump Sale of BHSL's Ethanol division and lease of land & building and supply of Raw Material etc. to Ethanol Subsidiary Co and providing cross collateralization	SHR (2.c)			Completi n of Slump Sale						
20	- Transfer of loan by lenders and creation of charge: - Ethanol Subsidiary Co (assets) - Ethanol Subsidiary Co shares - BHSL assets (land/building of Ethanol division and cross charge on BHSL)				Documentation						
21	- Shift of Registered Office (RO) of BPVPL to Haryana	RD Approval & Other Activities									
22	- Conversion of OCRPS into BHSL Equity by LPGCL										Conversion

Indicative timeline for Comprehensive Proposal (3/3)

Sr. No.	Key Steps	Months								
		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
		11	12	13	14	15	16	17	18	19
		11	12	13	14	15	16	17	18	19
23	- Board meeting for approving the merger and demerger (with appointed date of 31 December 2022)									
24	- SEBI approval for merger and demerger									
25	- NCLT approval process (Chandigarh) for merger and demerger - Including shareholders and creditors meeting			SHR (3) & Creditors Meeting and NCLT Process						
26	- Transfer of loan by lenders and creation of charge: - Sugar Subsidiary Co (assets) - Sugar Subsidiary Co (shares) - LPGCL shares - BHSL assets (land/building of Sugar Subsidiary Co, cross charge on BHSL) - BEL shares									
27	- Listing and approval for trading									

RP – Resolution Plan; CRA – Credit Rating Agency; TEV – Techno-Economic Viability; ICE – Independent Credit Evaluation; RP4 – Rating as per RBI guidelines; LLC – Lenders' Legal Counsel

Note: The above timelines are indicative and is subject to Lenders / Regulator approvals



THANK YOU



BHSL – S4A v/s Actual Performance

Past Performance Analysis (S4A v/s Actuals)

Assumptions in S4A and Actuals Achieved

Particulars	UoM	Historical Actual		As per S4A Projected				Post S4A Actual			
		FY 16(A)	FY 17(A)	FY 18(P)	FY 19(P)	FY 20(P)	FY 21(P)	FY 18(A)	FY 19(A)	FY 20(A)	FY 21(A)
Cane crushed	Lac Qtl	1,092	1,251	1,251	1,251	1,274	1,298	1,476	1,676	1,585	1,560
Sugar Recovery	%age	10.32%	10.23%	10.26%	10.29%	10.32%	10.37%	10.62%	11.40%	11.65%	11.06%
Production											
Sugar	Lac Qtl	114	127	128	129	132	135	156	191	185	173
Alcohol	Lac BL	1,253	1,119	1,387	1,331	1,335	1,359	1,132	1,077	572	907
Sales											
Sugar	Lac Qtl	130	105	134	136	134	137	146	195	187	185
Alcohol	Lac BL	1,428	1,098	1,383	1,345	1,334	1,353	1,173	1,248	622	843
Average realisation											
Sugar	Rs/Qtl	2,703	3,555	3,710	3,750	3,790	3,790	3,497	3,065	3,261	3,201
Alcohol	Rs/BL	38	39	42	42	42	42	38	40	42	47
Cane price Landed	Rs/Qtl	284	320	329	330	330	330	330	336	337	338

- ✓ Company has achieved all the major projections except sugar realisation and alcohol production.
- ✓ The average sugar realisation considered in S4A was as per then prevailing prices, which fell sharply in subsequent years.
- ✓ Performance of distillery were affected due to compliance related to pollution control norms & major overhaul and repairs, which now has recouped and already achieved 17.32 Cr ltrs and further likely to achieve ~23 Cr ltrs in FY23 (more than the S4A projections of ~14 Cr ltrs in FY22 & FY23)

Month on Month average sugar realization prevailing before Implementation of S4A

Rs. / Qtl

Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Average
3758	3,703	3,626	3,700	3,629	3,703	3,723	3,717	3,738	3,700

bajaj SUGAR


Past Performance & Analysis (S4A v/s Actuals)

Major Reasons for Lower Actual EBITDA v/s S4A Projections

Amount in Rs. Cr.

Operational Performance	As per S4A Projections				As per Audited Financial				Remarks
	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	
Revenue	5,961	6,060	5,953	6,001	6,009	6,968	6,676	6,688	
Sugar	4,972	5,084	5,082	5,174	5,111	5,987	6,100	5,931	Increased due to higher sugar production on account of higher cane crushed and recovery %. However, lower than projected sugar realisation price limited the upside
Distillery	581	565	560	568	447	501	259	397	Decreased due to lower production and price of alcohol than projected in S4A
Others (incl power)	407	412	311	258	451	480	318	361	Substantial power tariff reduction (~40%) w.e.f. FY 20 – compensated by increase in outside molasses sale (due to lower alcohol production)
Total expenses	4,804	4,901	4,856	4,924	5,560	6,501	6,207	6,493	
Cane Cost	4,118	4,134	4,211	4,288	4,871	5,631	5,337	5,276	Increase due to high cane crushed than projected
Other Raw material Cost	23	21	21	22	30	28	26	22	== do ==
Change in Inventory	155	235	91	73	-3	106	60	193	Linked to sales & production
Manpower	233	233	243	247	249	275	299	328	Actual cost due to higher production and higher increments across industry
Repairs and maintenance	57	60	62	63	92	130	158	336	Major repairs incurred
Others	218	218	228	232	321	331	326	338	Mainly due to higher production & sales
EBITDA	1,157	1,159	1,097	1,077	450	467	470	196	EBITDA was adversely affected due to following reasons: ■ Lower sugar realisation ■ Lower alcohol production ■ Increase in cane prices ■ Major repairs and maintenance expenses
EBITDA margin	19.4%	19.1%	18.4%	17.9%	7.5%	6.7%	7.0%	2.9%	

bajaj SUGAR



Cane Dues Built-up and Financial Stress

Accumulation of Cane Dues

■ Cane Dues (Net of Stock):

Amount in Rs. Cr.

Particulars	Mar-17	Sep-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
		(S4A)					(Prov.)
Gross Cane Dues	2,607	334	3,162	3,960	4,156	4,084	3,750
<u>Inventory</u>							
Finished Goods (Sugar, Alcohol & Power)	2,718	142	2,655	2,517	2,398	2,093	2,279
By-products (Molasses & Bagasse)	196	120	71	101	154	302	377
Work-in-process	34	0	55	56	62	26	28
Total Inventory	2,948	262	2,781	2,674	2,614	2,421	2,684
Cane Dues Net of Stock	-341	72	381	1,285	1,542	1,663	1,066
Transfer of funds from LPGCL							1,000
Net Cane Dues (without funds transfer)							2,066

Cane dues (net of stock) of Rs. 72 Crs. at the time of S4A (Sep 2017) – increased to Rs. 2,066 Crs. (Rs. 1,066 Crs. – after considering transfer of funds from LPGCL and payment to the cane farmers) as on Mar 31, 2022 – due to cash constraints faced by BHSL as shown in subsequent slide

Insufficient EBITDA – Resulting in Cash Shortfall

EBITDA and Debt Servicing:

Amount in Rs. Cr.

Particulars	Mar-17	Mar-18		Mar-19	Mar-20	Mar-21	Mar-22*	Total
		Pre-S4A	Post-S4A					
EBITDA (as per cash flow)	872	59	245	323	470	196	248	2,413
<u>Repayments / Interest (as per cash flow)</u>								
Finance cost	554	26	324	318	268	169	167	1,826
Repayments - TLs	369	27	441	615	541	224	471**	2,787
Repayments - SDF etc.	26	4	12	9	7	2	0	61
CC (Utilisation) / Payment	(243)	25	62	156				0
Total outflow Repayment & Interest	706	81	840	1,098	816	395	638	4,574
Cash Surplus / (Shortfall)	166	(22)	(595)	(775)	(346)	(199)	(390)	(2,161)
Cumulative Surplus / (Shortfall)		144	(451)	(1,226)	(1,572)	(1,771)	(2,161)	

* FY 2022 figures are Provisional ** TL Repayment is based on actual payments in FY22 includes repayment of Mar 21 instalment and excludes Mar 22 instalment

Debt servicing was prioritized by delaying cane payments – as EBITDA was insufficient

Company has serviced bank dues of Rs. 4,574 Crs. against EBITDA of Rs. 2,413 Crs. during the aforesaid period which has resulted in cash shortfall of Rs. 2,161 Crs. – leading to increase in net cane dues to the extent of shortfall

bajaj SUGAR

Debt Servicing – Since S4A

Amount in Rs. Cr.

Particulars	Sustainable Debt as per S4A (Dec 2017)	S4A to Mar 31, 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Sustainable Loans O/s at the time of S4A	3,479						3,479
Add: Covid Period Interest Capitalization					107		107
Add: CC O/s	218						218
Total	3,697	-	-	-	107	-	3,804
Debt Servicing							
CC Repaid		62	156				218
Sustainable Loans Repayments		441	615	541	224	471	2,291
Interest Payment (incl. OCD Coupon)		324	318	268	169	167	1,246
Total Debt Servicing	-	827	1,089	809	393	638	3,755
EBITDA (as per cashflow)		245	323	470	196	248*	
Sustainable Debt O/s	3,479	3,038	2,423	1,883	1,766	1,295	

* FY 2022 EBITDA figure is Provisional

Financial Stress in BHSL

Challenge in meeting debt obligations as per existing repayment schedule for TL and OCDs

Amount in Rs. Cr

Challenge in meeting debt obligations basis projected cash flows (based on present repayment schedule)								
Particulars (1/2)	FY22	FY23	FY24	FY25 ^{&}	FY26	FY27	FY28	FY29
Cash available for debt servicing (EBITDA less Tax) ('A')	248	380	472	531	545	558	568	577
Finance Cost (WC + TL + OCD coupon)	239*	187	145	152	135	128	121	115
Existing term loan repayment	456 [^]	435	435	318	-	-	-	-
OCD Repayment with premium	-	-	-	521	567	619	675	738
Total Debt Servicing ('B')	694	622	580	990	702	746	797	852
DSCR (A/B)	0.36	0.61	0.81	0.54	0.78	0.75	0.71	0.68
Deficit (A-B)	(446)	(242)	(108)	(459)	(157)	(189)	(228)	(275)
Cumulative Deficit	(446)	(688)	(796)	(1,255)	(1,412)	(1,601)	(1,829)	(2,104)
Particulars (2/2)	FY30	FY31	FY32 [#]	FY33	FY34	FY35	FY36	FY37
Cash available for debt servicing (EBITDA less Tax) ('A')	583	588	590	590	590	590	590	590
Finance Cost (WC + TL + OCD coupon)	108	101	95	33	27	20	13	7
Existing term loan repayment	-	-	-	-	-	-	-	-
OCD Repayment with premium	806	882	966	1,058	1,160	1,272	1,395	1,532
Total Debt Servicing ('B')	914	983	1,061	1,092	1,187	1,292	1,409	1,538
DSCR (A/B)	0.64	0.60	0.56	0.54	0.50	0.46	0.42	0.38
Deficit (A-B)	(332)	(395)	(470)	(501)	(596)	(702)	(818)	(948)
Cumulative Deficit	(2,436)	(2,831)	(3,302)	(3,803)	(4,399)	(5,101)	(5,919)	(6,867)

*Excludes payment of accrued interest of Rs. 15.24 Cr of FY21; [^] Excludes repayment of debt of Rs. 124 Cr pertaining to FY21; [&] Company had availed Covid-19 moratorium (March 1, 2020 to Aug 31, 2020), thus, extending the original repayment till FY25; [#] From FY32 onwards no growth has been assumed and hence, cash available for debt servicing remains constant

- DSCR below 1 & deficit from FY22 to FY37 indicates inadequate cash flows to service term loan & OCD as per existing repayment schedule
- Additionally, Company has cane dues of ~Rs. 3,750 Cr as on March 31, 2022