

March 22, 2017

DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 023 Fax No. 2272 3121/ 2037 Stock Code: 500032	National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor Plot No.C/1, 'G'Block Bandra- Kurla Complex Bandra East Mumbai 400 051 Fax No. 2659 8237/ 8238/66418124/5/6/ 66418124/ 5 / 6 Stock Code: BAJAJHIND
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Dear Sir,

Sub: Regulation 30 – Outcome of Board Meeting held on March 22, 2017 and Disclosure in respect of Sale of Co-Generation power business of aggregating capacity of 449 MW

Further to the intimation for outcome of the Board Meeting dated December 20, 2016 and result of the Postal Ballot declared on February 23, 2017, in respect of the resolutions passed by the shareholders for sale of Co-generation power business of the Company for a lumpsum consideration in cash of approximately Rs.1800 crore to Lalitpur Power Generation Company Limited (LPGCL), we would like to inform the following:

- Pursuant to the stipulation by the lenders of LPGCL (purchaser) that the transaction value to be restricted to Book Value of the Co-generation power business of Rs.1,227 crore as on proposed transfer date March 31, 2017, the Board of Directors of the Company at its meeting held on March 22, 2017, inter alia, considered approval of sale and transfer of Co-generation power business of aggregating capacity of 449 MW located at 14 locations in the state of Uttar Pradesh to LPGCL, a group company for a lumpsum consideration in cash of approximately Rs.1227 crore, as a going concern on slump sale basis in accordance with the Business Transfer Agreement to be entered into with LPGCL. As a part of the revaluation of the purchase consideration of the Co-generation power business, the Company has also renegotiated the escalation to tariff for power and margin on steam to be purchased by the Company from LPGCL and the transaction at the revised value based on book value i.e. Rs.1227 crore is still beneficial to the Company on NPV basis. Entire amount of Cash consideration is proposed to be utilised by the Company towards advance repayment of its existing term debt. The proposed sale and transfer of Co-generation power business will be subject to approval of members, lenders and all other statutory /regulatory authorities.
- Disclosure to Stock exchange as deemed material event:
 - The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year ended March 31, 2016:

Particulars	Co-Generation units (Rs. in Crore)	Company (Rs. in Crore)	% of Co-Generation units' contribution to Company
Turnover*	319.36	4720.58	6.77%
Net profit**	178.95	-114.28	N.A.
Net worth***	229.07	2359.24	9.71%

* Turnover is inclusive of inter segment turnover.



** Segment net profit (Co-gen) has been derived by allocating finance cost and other unallocated expenses in ratio of net block as on 31.03.2016.

*** Segment net worth (Co-gen) has been derived by allocation of Company's net worth in the ratio of net block as on 31.03.2016.

- b) Date on which the agreement for sale has been entered into: **Agreement yet to be entered.**
- c) The expected date of completion of sale/disposal: **The transaction is expected to be completed by June 30, 2017.**
- d) Consideration received from such sale/disposal:

Approximately Rs.1227 crore (Rupees Twelve Hundred Twenty Seven Crore).

- e) Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/ group companies. If yes, details thereof:

Lalitpur Power Generation Company Limited (LPGCL), a public limited company incorporated in India under the provisions of the Companies Act, 1956, having its registered office at Bajaj Bhawan, Jamnalal Bajaj Marg, B-10, Sector 3, Noida-201301, Uttar Pradesh. The Company is engaged in the business of generation of thermal power.

Yes, the company belongs to the promoters group company with 17.51% equity shares held by the Company and balance 82.49% equity shares held by the promoters of the Company.

- f) Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length":

The transaction falls within related party transaction and the transaction is at arm's length.

- g) Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/ merger, shall be disclosed by the listed entity with respect to such slump sale:

- i) Name of the entity: **Lalitpur Power Generation Company Limited (LPGCL).**

- ii) Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length":

The transaction falls within related party transaction and the transaction is at arm's length.

- iii) Area of business of the LPGCL:

The Company is engaged in the business of generation of thermal power.

- iv) Rationale for Slump sale :

Following are the Justification for the Proposal of Sale of Co-gen Power plant:

- The proposed Transaction will deleverage balance sheet of BHSL;
- It will improve the overall long term viability of cyclical sugar business in BHSL post conclusion of the Transaction;



- Post conclusion of the Transaction, there would be an immediate interest cost savings on account of advance repayments of Rs 1,227 crore to the lenders and the financial performance is expected to improve further;
- As against immediate lumpsum cash consideration receipt of Rs.1,227 crore from Sale of Co-gen business, tariff for power & steam would be payable to LPGCL in remaining useful life of Co-gen assets of around 17-18 years;
- Post conclusion of the Transaction, the overall long term viability of BHSL is expected to improve. A comparative of the key ratios of Pre and Post hive off scenario is given below:

Key Ratios	Pre Hive-off Scenario	Post Hive-off Scenario
DSCR (FY 2018)	0.83x	1.54x
Minimum DSCR	0.83x	1.11x
Asset Coverage Ratio (Book value) (as on March 31, 2017)	1.56x	1.66x
Asset Coverage Ratio (Market value) (as on March 31, 2017)	1.91x	1.96x
Current Ratio (as on March 31, 2018)	1.00	1.26

3. Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company at its meeting held today has, inter alia, considered seeking necessary approval of shareholders, the following by way of postal ballot:
- In terms of Section 180(1)(a) of the Companies Act 2013 for sale of Co-generation business comprising of power generation facility aggregating to 449 MW.
 - In terms of Section 188 of the Companies Act 2013 and Rules there under and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for entering into contracts/arrangements in respect of the aforesaid transaction with related party for sale of Co-generation power business and transactions of supply of Bagasse and Bio-gas, purchase of Power and Steam and shared services in respect of common facilities.

The above may please be taken on record and suitably disseminated to all the concerned.

Thanking you,

Yours faithfully,

For **BAJAJ HINDUSTHAN SUGAR LIMITED**



PRADEEP PARAKH
GROUP PRESIDENT (GRC) &
COMPANY SECRETARY

