

May 11, 2011

Deputy General Manager Bombay Stock Exchange Ltd. First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 023 Fax No. 2272 3719/2039 Stock Code: 500032	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No.C/1, 'G'Block Bandra- Kurla Complex Bandra East Mumbai 400 051 Fax No. 2659 8237/ 8238 Stock Code:BAJAJHIND
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Dear Sirs,

Sub: Revision in National Long-term rating

Pursuant to Clause 36 of the Listing Agreement, we would like to inform that Fitch Ratings India Private Limited vide its press release dated May 10, 2011 has downgraded the Company's National Long Term Rating and the Company's bank facilities rating as follows:-

Sl. No.	Programme	Amount (Rs.)	Earlier rating	Current rating
1	National Long-Term Rating		'A+(ind)'	'A(ind)'
2	Fund based working capital limit	21500 Million	'A+(ind)'	'A(ind)'
3	Non Fund based limits	4505 Million	'F1+(ind)'	'F1(ind)'
4	Commercial Paper/Short term debt	7500 Million	'F1+(ind)'	'F1(ind)'

We enclose herewith a copy of press release issued by Fitch Rating in this regard for your reference and records.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Bajaj Hindusthan Limited

Kausik Adhikari

Kausik Adhikari

Deputy Company Secretary

Encl. as above

FitchRatings

Fitch : Info Center : Press Releases

Fitch Downgrades Bajaj Hindusthan; Outlook Negative

National Long-Term Rating	'A(ind)'
INR21,500m (increased from INR17,350m) fund-based working capital limits	'A(ind)'
INR4,505m (increased from INR3,500m) non fund-based working capital limit	'F1(ind)'
INR7,500m commercial paper/ short-term debt programme (carved out of fund-based working capital limits)	'F1(ind)'

Fitch Ratings-Mumbai/Singapore-10 May 2011: Fitch Ratings has downgraded India-based Bajaj Hindusthan Limited's (BHL) National Long-Term Rating to 'A(ind)' from 'A+(ind)'. The Outlook is Negative. Fitch has also downgraded BHL's bank facilities as follows:

- INR21,500m (increased from INR17,350m) fund-based working capital limits downgraded to 'A(ind)' from 'A+(ind)'
- INR4,505m (increased from INR3,500m) non fund-based working capital limit downgraded to 'F1(ind)' from 'F1+(ind)'
- INR7,500m commercial paper/ short-term debt programme (carved out of fund-based working capital limits) downgraded to 'F1(ind)' from 'F1+(ind)'

The downgrade reflects sharper-than-expected deterioration in BHL's credit profile with adjusted debt/EBITDA weakening to 14.2x in the financial year ended September 2010 from 8.6x in FY09.

During FY10, operating profitability was impacted by higher costs of production and lower sugar prices. Lower operating profitability also resulted in interest coverage remaining low at 1.65x in FY10 compared with 1.75x in FY09. Furthermore, instead of de-leveraging during FY10 as expected, BHL's debt rose to INR55.5bn (including that from Bajaj Hindusthan Sugar) from INR30.7bn in FY09.

The Negative Outlook reflects BHL's high refinancing risks on the back of significant debt levels. Despite a stable outlook for the Indian sugar sector, a significant portion of BHL's positive operating cash flows to be generated from the sugar and non sugar businesses from FY11 onwards would be deployed towards servicing interest costs. Fitch notes that the company is looking at raising equity via a rights issue by end-FY11. Timely equity injection and a subsequent improvement in the credit profile would result in the Outlook being changed to Stable.

Conversely, lack of equity injection resulting in adjusted debt/EBITDA exceeding 5.5x may lead to a downgrade. Greater-than-expected investments in the power sector could also be a negative rating trigger. Fitch notes that BHL set up two new SPVs to invest in thermal power plants of 1,980 MW each at two locations in Uttar Pradesh, which are likely to be funded through debt.

BHL, a part of the Bajaj Group, is the largest sugar manufacturer in India with its manufacturing plants located in Uttar Pradesh. Following the merger of Bajaj Hindusthan Sugar and Industries Ltd (refer to 'Fitch Withdraws Ratings on Bajaj Hindusthan Sugar and Industries Limited') into BHL revenues, EBITDA and net profit were INR28.7bn, INR4.6bn and INR517m, respectively. For the half year ended March 2011, revenues, EBITDA and net profit were INR5.7bn, INR5.7bn and INR1.3bn, respectively.



Contacts:

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Note to Editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(ind)' for National ratings in India. Specific letter grades are not therefore internationally comparable.

Additional information is available at www.fitchratings.com.

Applicable criteria, "Corporate Rating Methodology," dated 13 August 2010, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Corporate Rating Methodology

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Fitch Ratings currently maintains coverage of approximately 6,000 financial institutions, including over 3,500 banks and 1,400 insurance companies. Finance & leasing companies, broker-dealers, asset managers, managed funds, and covered bonds make up the remainder of Fitch Ratings' financial institution coverage universe.

Additionally, the agency currently rates more than 2,000 corporate issuers, 100 sovereigns, 200 sub-sovereigns, 300 global infrastructure ratings, and 46,000 U.S. municipal transactions. Fitch Ratings maintains surveillance on over 6,500 U.S., 1,300 European and 400 Asian structured finance transactions.

Fitch India has six rating offices located at Mumbai, Delhi, Chennai, Kolkata, Bangalore and Hyderabad. Fitch is recognised by Reserve Bank of India, Securities Exchange Board of India (SEBI) and National Housing Bank.

For Bajaj Industhan Limited

Kerim Adin

Dy. Company Secretary