

Lenders of Bajaj Hindusthan to receive Rs 500 crore in two-three quarters

Business | Sugar

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Lenders of Bajaj Hindusthan Sugar are likely to receive Rs 500 crore in the next two to three quarters. The sugar manufacturer has been consistent in making repayments to the lenders in the past and has repaid over Rs 600 crore in the past six quarters.

"The company wants to focus on growth and has expressed the desire to clear term loan dues in the next two to three quarters," a senior official of a public sector bank told FE.

In August last year, a consortium of 12 lenders, including SBI, PNB, Indian Bank and some other public sector banks had approached the National Company Law Tribunal (NCLT) for initiation of corporate insolvency resolution process for Bajaj Hindusthan Sugar over delayed payment of loan instalments. At that time, the company owed banks over Rs 4,500 crore. However, its current outstanding to lenders has come down to Rs 500 crore.

Last week, the NCLT allowed the withdrawal of the insolvency plea against Bajaj Hindusthan by the SBI. The lender had moved an application before the Allahabad bench of the NCLT informing that the outstanding amount has been paid by the company.

A major relief for the lenders in this deal is that they did not have to take any haircut on loan repayment and the company has agreed to repay the full amount. Usually, when cases go through a resolution process, the banks are forced to take haircuts to recover dues.

Even in this case, at one point in time, the lenders were concerned that they might have to take a haircut and would have to settle for a lower recovery amount. However, the management of the company was not in favour of any loss for the banks and stressed repaying the full amount to the lenders. "There were some talks between the lenders and the company about taking some haircut on the dues, but the company insisted on paying the full amount," a senior official of another public sector bank told FE.

According to sources, the company wanted to keep its image clean among banks. The sugar manufacturer has some big plans for the ethanol business and it may approach banks to fund its expansion plans.

Bajaj Hindusthan Sugar is an integrated sugar company with an extensive network of 14 mills spread across Uttar Pradesh. It has an aggregate sugarcane crushing capacity of 136,000 tonnes crushed per day and alcohol distillation capacity of 800 kilolitres per day. Besides sugar, the company is also a manufacturer of ethanol.