

PRESS RELEASE

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08-04-2019

Jaiprakash Associates Ltd ("Issuer") – Revision of rating regarding Secured Listed Non-Convertible Debentures (NCD) issue of Rs. 1,438.23 crores

Care rating has revised its rating on the Non-Convertible Debentures issue of Jaiprakash Associates Limited ("Issuer") – Revision of rating regarding Secured Listed Non-Convertible Debentures (NCD) issue of Rs. 1,438.23 crores, on account of deterioration in the company's financial performance over the past few years and delay in receipt of funds through sale of assets, the liquidity position of the company has continued to remain weak, leading to ongoing delays in debt servicing, to CARE D.

This for your information and record.

Thanking you,

Yours faithfully,

For IDBI Trusteeship Services Limited

Sd/-

Authorised Signatory

Jaiprakash Associates Ltd

April 05, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ⁶	Remarks
Long-term Bank Facilities	21,244.97	CARE D [Single D]	Reaffirmed
Short-term Bank Facilities	2,513.00	CARE D [Single D]	Reaffirmed
Long-term/Short-term Bank Facilities	5,457.23	CARE D/CARE D [Single D/Single D]	Reaffirmed
Total Facilities	29,215.20 (Rupees Twenty Nine Thousand Two Hundred Fifteen crore and Twenty lakh only)		
Long-term Non-Convertible Debentures (aggregate) IV, VIII, X, XI, XII, XIII	1,438.23 (Rupees One Thousand Four Hundred and Thirty Eight crore and Twenty Three lakh only)	CARE D [Single D]	Reaffirmed

Detailed Rationale & Key Rating Drivers

The ratings of the bank facilities and instruments of Jaiprakash Associates Ltd (JAL) continue to factor in delays in debt servicing by the company due to its weak liquidity.

Detailed description of the key rating drivers

Weak financial performance in FY18: During FY18 (standalone), the company reported PAT of Rs.352 crore on total operating income of Rs.6,288 crore as against net loss of Rs.4,362 crore on total operating income of Rs.6,756 crore in FY17. Major portion of revenue was booked on account of sale of land under Debt Asset Swap with lenders. On account of deterioration in the company's financial performance over the past few years and delay in receipt of funds through sale of assets, the liquidity position of the company has continued to remain weak, leading to ongoing delays in debt servicing.

Approved restructuring exercise of debt: The lenders have approved a deep restructuring of the company's debt in Joint lender's forum dated 22.06.17 with the cut-off date being 30.09.16 for the outstanding amount of debt in JAL (including JCCL) as on 30th September, 2016 of Rs.31,646 Cr (JAL Rs.29,037 Cr. and JCCL Rs.2,609 Cr respectively). With an objective to make debt sustainable, the total debt has been classified into 2 buckets- Bucket 1, consisting of debt to be transferred to UTCL (Ultra Tech Cement Ltd) while bucket 2A, consisting of the amount of residual debt to be retained in JAL (Rs.6,367 cr) and bucket 2B, to be transferred to a new SPV (a specified Real Estate undertaking of JAL). Debt in bucket 2A is being retained in JAL and would be serviced as per the restructured terms. For the debt in bucket 2B, Optionally convertible debentures (OCDs) shall be issued for a tenor of 20 years, with redemption in 5 years commencing from the 16th year. The restructuring exercise is yet to be fully concluded. Master Restructuring Agreement (MRA) dated Oct 31, 2017 has been executed by lenders for sustainable portion of debt and since Q4 FY18, JAL has started servicing of debt under Bucket 2A as per the above restructuring plan. For Bucket 2B, NCLT approval is still awaited.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

Financial ratios – Non-Financial Sector
Criteria for Short-term Instruments
About the Company

Jaiprakash Associates Ltd (JAL) is the flagship company of the Jaypee group and is engaged in engineering and construction, cement, real estate and hospitality businesses. JAL was one of the leading cement manufacturers with an installed capacity of ~28 million tonnes per annum (mtpa) and under implementation capacity of ~5 mtpa on a consolidated basis as on March 31, 2018. JAL is also engaged in the construction business in the field of civil engineering, design and construction of hydro-power, river valley projects. JAL is also undertaking power generation, power transmission, real estate, road BOT, healthcare and fertilizer businesses through its various subsidiaries/SPVs. On account of its weak liquidity, JAL has transferred a part of its cement business comprising of operating cement plants of 21.2 mtpa capacity, including 5 MTPA plant owned by its subsidiary Jaypee Cement Corporation Ltd (JCCL, rated CARE D) to Ultratech Cement Ltd for a total enterprise value of Rs.16,189 crore.

Brief Financials (Rs. crore)	FY17 (Audited)	FY18 (Audited)
Total operating income	6,756	6,288
PBILDT	80	1,211
PAT	-4362	352

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	-	20744.97	CARE D
Non-fund-based-LT/ST	-	-	-	5457.23	CARE D
Fund-based-Long Term	-	-	-	500.00	CARE D
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	275.00	CARE D
Fund-based - ST-Term loan	-	-	-	2038.00	CARE D
Fund-based - ST-Working Capital Demand loan	-	-	-	200.00	CARE D
Debentures-Non Convertible Debentures	December 31, 2017	12.40%	31/03/2024	248.23	CARE D
Debentures-Non Convertible Debentures	July 16, 2016	12.40%	16/07/2020	500.00	CARE D
Debentures-Non Convertible Debentures	January 26, 2016	12.40%	26/10/2017	100.00	CARE D
Debentures-Non Convertible Debentures	October 25, 2017	12.40%	25/07/2022	500.00	CARE D
Debentures-Non Convertible Debentures	August 11, 2012	12.40%	04/11/16	90.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Debentures-Non Convertible Debentures	LT	90.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
2.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
3.	Term Loan-Long Term	LT	20744.97	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
4.	Non-fund-based-LT/ST	LT/ST	5457.23	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D	1)CARE D (23-Jul-15) 2)CARE BB

							(22-Apr-16)	/ CARE A4 (10-Jun-15)
5.	Debentures-Non Convertible Debentures	LT	100.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
6.	Debentures-Non Convertible Debentures	LT	500.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
7.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
8.	Fund-based-Long Term	LT	500.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
9.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	275.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE A4 (10-Jun-15)
10.	Debentures-Non Convertible Debentures	LT	500.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)
11.	Fund-based - ST-Term loan	ST	2038.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE A4 (10-Jun-15)
12.	Fund-based - ST-Working Capital Demand loan	ST	200.00	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE A4 (10-Jun-15)
13.	Debentures-Non Convertible Debentures	LT	248.23	CARE D	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)	1)CARE D (23-Jul-15) 2)CARE BB (10-Jun-15)