

Rating Rationale

JSW Techno Projects Management Limited

4 Nov 2019

Brickwork Ratings revises the rating for the Non-Convertible Debentures (NCDs) amounting to Rs. 1250 Crs and withdraws the rating for the Non-Convertible Debentures (NCDs) amounting to Rs. 750 Crs of JSW Techno Projects Management Limited.

Particulars

Instrument	Issue Date	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Coupon	Maturity Date	ISIN	Previous Rating (Feb-2019)**	Present Rating*
NCD (Rs. 500 Crs)	06-Mar-19	250	250	Zero	06-Mar-21	INE192L07193	BWR A(SO) Outlook: stable	BWR A(CE) Outlook: Negative
	06-Mar-19	250	250	Zero	06-Mar-22	INE192L07201	BWR A(SO) Outlook: stable	BWR A(CE) Outlook: Negative
NCDs (Rs. 125 Cr)	06-Feb-15	125	125	Zero	6-May-20	INE192L08225	BWR A(SO) Outlook: Stable	BWR A(CE) Outlook: Negative
NCDs (Rs. 475 Cr)	13-Feb-15	120		-Zero	13-Feb-19	INE192L08183	BWR A(SO) Outlook: Stable	Rating Withdrawn-On Full Redemption
	13-Feb-15	120		-Zero	13-Jun-19	INE192L08191		
	13-Feb-15	120		-Zero	13-Feb-19	INE192L08209		
	13-Feb-15	115		-Zero	13-Jun-19	INE192L08217		
NCDs (Rs. 300 Cr, O/s Rs. 225 Cr)	4-Jun-15	75	75	Zero	3-Jul-20	INE192L08233	BWR A(SO) Outlook: Stable	BWR A(CE) Outlook: Negative
	16-Jun-15	150	150	Zero	16-Oct-20	INE192L08241		
NCDs (Rs. 275 Cr)	16-Dec-15	75		-Zero	17-Dec-19	INE192L08159	BWR A(SO) (Outlook: Stable)	Rating Withdrawn-On Full Redemption
	16-Dec-15	75		-Zero	16-Apr-20	INE192L08167		
	16-Dec-15	125		-Zero	14-Aug-20	INE192L08175		



NCD (Rs. 400 Cr)	27-Aug -18	200	200	Zero	28-Sep-21	INE192L07151	BWR A(SO) (Outlook: Stable)	BWR A(CE) Outlook: Negative
	27-Aug -18	200	200	Zero	10-Apr-22	INE192L07169		
Total		2000	1250	(INR One Thousand Two Hundred & Fifty Crores Only Only)				

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

**SO changed to CE via press release dated 14-Sep-2019

Rating Action:

BWR has revised the rating for the NCD issues amounting to Rs. 1250 Crs at BWR A (CE) with revision in outlook to negative from stable and BWR has withdrawn the rating for the NCDs amounting to Rs. 750 Crs as the debentures have been fully redeemed.

Rationale:

The rating with CE subscript takes into account, inter alia, the strength of company's promoters, the underlying securities (collateralized by the shares of JSW Steel Ltd and JSW Energy Ltd. with combined coverage of twice the outstanding amount) and the structured payment mechanism for meeting the obligations as per covenants of NCD issues.

The rating is however constrained by the fact that, since the NCDs are collateralized by pledged shares of JSW Steel Ltd. and JSW Energy Ltd., adverse downward share price movements of these companies have rating sensitivities; the issuer is loss making (as of 31-3-2019) and dependent on group companies for consultancy fees, project management income, job work, dividend income, etc.

The negative outlook factor in the moderation in the financial performance of JSW Steel Ltd (underlying company) in Q1FY20 and Q2FY20, elevated debt levels and overall slowdown in the steel sector. The revision in outlook also factors the potential acquisition of thermal power assets of GMR Kamalanga Energy Limited and Ind-Barath Energy (Utkal) Limited by JSW Energy Ltd (underlying company) as these acquisitions are likely to be largely debt funded and might increase the debt significantly in JSW Energy Ltd.



The outlook may be revised to stable in case of improvement in the steel industry scenario and/or improvement in the credit profile of JSW Steel Ltd ensuring higher cash flows & better profitability and clarity on the exact implications of potential acquisitions on the financial risk profile of JSW Energy Ltd.

Brickwork Ratings has withdrawn the rating for the Non-Convertible debentures amounting to Rs. 750 Crs as per the details mentioned above, as the Company has fully redeemed these NCD prior on or before the due date. The confirmation to this effect has been obtained from the issuer and debenture trustee.

BWR has essentially relied upon the terms of the issues, security coverage, underlying securities, Audited financial results of JSW Techno Projects Management Limited up to FY19, JSW Steel Ltd. up to Q2FY20 & JSW Energy Ltd. up to Q1FY20, publicly available information and other information/clarification provided by the management.

Analytical Approach:

For arriving at the rating, BWR has applied its rating methodology as detailed in the rating criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Sensitivities:

The ratings are sensitive to the performance of the JSW Steel Ltd and JSW Energy Ltd (the underlying companies) whose equity shares have been pledged, price of the pledged stock, the quantum of the pledge of promoter held shares, maintenance of enough shares as cushion for timely Top-up and compliance to the terms of the issue.

About the Company:

JSW Techno Projects Management Ltd. (JSWTPML) was incorporated in May 4, 2010. It is 99.80% owned by Mrs. Sangita Jindal (including her nominees) w/o Mr. Sajjan Jindal, Chairman & Managing Director of JSW Steel Ltd. The Company is engaged in strategic investments in JSW group companies along with project management, operation and maintenance/management consultancy services and in manufacturing of industrial gases. JTPML proposes to set-up a 5400 tpd oxygen plant in Dolvi for meeting the steel making requirements of JSW Steel Ltd at its Dolvi steel plant. The 1000 TPD unit of



Phase I has successfully commenced production from August 16, 2016. The one unit of 2200 TPD of Phase I has commenced operations in July 2018 and 2200 TPD unit of Phase II is expected to commence operations by March 2020.

Key Financials of JTPML:

Amounts in Rs. Cr.	FY 18 (Audited)	FY 19 (Audited)
Total Operating Income	221.75	550.25
PAT/Loss	-134.8	-39.76
Tangible Networkth	4169.36	4126.67
Total Debt	2935.64	4462.10

Financial Performance of the Underlying Companies:

JSW Steel Ltd.:

JSW Steel Ltd is among India’s leading integrated steel producers with installed crude steel production capacity at ~18 MTPA. As per FY19 (A) financials, the company’s consolidated total operating income stood at Rs. 84,757 Crs with net profit of Rs. 7524 Crs as against total operating income of Rs. 73,211 Crs with net profit of Rs. 6113 Crs. On a consolidated basis, the overall gearing improved to 1.46x as on March 31, 2019 as compared to 1.51x as on March 31, 2018. JSW Steel Ltd revenue from operations on a consolidated basis declined in Q1FY20 to Rs. 19,812 from Rs. 20,519 Crs in Q1FY19 by ~3.4% on account of weaker economic activity and sluggish demand. JSW Steel has reported consolidated net profit at Rs. 1008.00 Crs for Q1FY20 a decline of 56.90 per cent from Q1FY19 net profit of Rs. 2339 Crs. Revenue from operations during Q2FY20 declined by 18% YoY to Rs. 17572 Crs. Operating Ebitda stood at Rs. 2731 Crs. PAT for the quarter stood at Rs. 2536 Crs after incorporating the financials of subsidiaries (including the impact of tax changes in all subsidiaries) and Joint ventures. The list of the subsidiaries of JSW Steel Limited and Joint ventures is at annexure I.

Key Financials of JSW Steel Limited (Consolidated):

Amounts in Rs. Cr.	FY 18 (Audited)	FY 19 (Audited)
Total Operating Income	73,211.00	84,757.00
PAT	6113.00	7524.00
Tangible Networkth	26,419.00	32,956.00
Total Debt	39,869.00	48,126.00



JSW Energy Ltd.:

JSWEL is the holding company for the JSW group's power business having operational capacity of 4.54GW (consolidated) as of March 31, 2019. As per FY19 (A) financials, the company's consolidated total operating income stood at Rs. 9137.59 Crs with net profit of Rs. 684.49 Crs as against total operating income of Rs. 8048.96 Crs with net profit of Rs. 84.91 Crs. The consolidated overall gearing which was 1.25x as on March 31, 2018 improved to 1.03x as on March 31, 2019. During the Q1FY20, total revenue on a consolidated basis increased by ~1.4% on YOY basis to Rs. 2464 Crs as against Rs. 2428 Crs in Q1FY19. The net profit for Q1FY20 stood at Rs. 244 Crs as against Rs. 229 Crs in Q1FY19. The list of subsidiaries of JSW Energy Limited is at annexure II.

Key Financials of JSW Energy Limited (Consolidated):

Amounts in Rs. Cr.	FY 18 (Audited)	FY 19 (Audited)
Total Operating Income	8048.96	9137.59
PAT	84.91	684.49
Tangible Networth	9525.35	10275.63
Total Debt	11883.26	10554.88

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2019)				Rating History				
		ISIN	Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Sep-2019	Feb-2019	July-2018	Jan -2018	Dec-2016
1	NCD (Rs. 500 Crs)	INE192 L07193	Long Term	250.00	BWR A(CE) Outlook: Negative	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	-	-	-
		INE192 L07201		250.00	BWR A(CE) Outlook: Negative	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	-	-	-
2	NCD (Rs. 125 Crs)	INE192 L08225	Long Term	125.00	BWR A(CE) Outlook: Negative	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable
3	NCDs (Rs. 475 Cr)	INE192 L08183	Long Term	-	Rating Withdrawn-On Full Redemption	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable
		INE192 L08191								
		INE192 L08209								
		INE192 L08217								
4	NCD (Rs. 300 Crs, O/s Rs. 225 Crs)	INE192 L08233	Long Term	225.00	BWR A(CE) Outlook: Negative	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable
		INE192 L08241								



5	NCD (Rs. 275 Crs)	INE192 L08159 INE192 L08167 INE192 L08175	Long Term	-	Rating Withdrawn- On Full Redemption	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) (Outlook: Stable	BWR A(SO) Outlook: Stable
6	NCD (Rs. 400 Crs)	INE192 L07151 INE192 L07169	Long Term	400.00	BWR A(CE) Outlook: Negative	BWR A(CE) Outlook: Stable	BWR A(SO) Outlook: Stable	BWR A(SO) Outlook: Stable	-	-
Total				(INR One Thousand Two Hundred & Fifty Crores Only)						

NA: Not Available

Status of non-cooperation with previous CRA (if applicable): Reason and comments: Not Applicable

Any other information: NIL

Annexure I:

JSW Steel Ltd consolidated financial statements as of 31-3-2019 include the financial performance of the following subsidiaries and joint ventures as:

Subsidiaries:

1. JSW Steel (Netherlands) B.V.
2. JSW Steel Italy S.r.l.
3. JSW Steel (UK) Limited
4. Periana Holdings, LLC
5. JSW Steel (USA), Inc.
6. Purest Energy, LLC
7. Meadow Creek Minerals, LLC
8. Hutchinson Minerals, LLC
9. RC Minerals, LLC
10. Keenan Minerals, LLC
11. Peace Leasing, LLC
12. Prime Coal, LLC
13. Planck Holdings, LLC
14. Rolling S Augering, LLC
15. Periana Handling, LLC
16. Lower Hutchinson Minerals, LLC
17. Caretta Minerals, LLC
18. JSW Panama Holdings Corporation
19. Inversiones Erroush Limitada
20. Santa Fe Mining S.A.
21. Santa Fe Puerto S.A.
22. JSW Natural Resources Limited
23. JSW Natural Resources Mozambique Limitada
24. JSW ADMS Carvão Limitada
25. JSW Steel Processing Centres



Limited 26. JSW Bengal Steel Limited 27. JSW Natural Resources India Limited 28. JSW Energy (Bengal) Limited 29. JSW Natural Resources Bengal Limited 30. JSW Jharkhand Steel Limited 31. JSW Steel Coated Products Limited 32. Amba River Coke Limited 33. Nippon Ispat Singapore (PTE) Limited 34. Erebus Limited 35. Arima Holdings Limited 36. Lakeland Securities Limited 37. Peddar Realty Private Limited 38. JSW Steel (Salav) Limited 39. JSW Industrial Gases Private Limited 40. JSW Utkal Steel Limited 41. Hasaud Steel Limited 42. Milloret Steel Limited (till 27 August 2018) 43. Creixent Special Steels Limited (till 27 August 2018) 44. Dolvi Minerals & Metals Private Limited 45. Dolvi Coke Projects Limited 46. JSW Realty & Infrastructure Private Limited 47. JSW Retail Limited (w.e.f 20 September 2018) 48. Acero Junction Holdings, Inc. (w.e.f 13 June 2018) 49. JSW Steel USA Ohio, Inc. (Previously known as Acero Junction Inc.) (w.e.f 13 June 2018) 50. Aferpi S.p.A (w.e.f 24 July 2018) 51. Piombino Logistics S.p.A (w.e.f 24 July 2018) 52. GSI Lucchini S.p.A (w.e.f 24 July 2018)

Joint Ventures:

53. Vijayanagar Minerals Private Limited 54. Rohne Coal Company Private Limited 55. Geosteel LLC 56. JSW Severfield Structures Limited 57. JSW Structural Metal Decking Limited 58. Gourangdih Coal Limited 59. JSW MI Steel Service Center Private Limited 60. JSW Vallabh Tinsplate Private Limited 61. Acciaitalia S.p.A. (till 17 April 2018) 62. Creixent Special Steel Limited (w.e.f 28 August 2018) 63. Milloret Steel Limited (w.e.f 28 August 2018 till 31 August 2018) 64. Monnet Ispat & Energy Limited (w.e.f 31 August 2018)

Annexure II:

The list of the subsidiaries and Joint ventures of JSW Energy Limited is as:

Subsidiaries:

1 JSW Power Trading Company Limited (formerly known as JSW Green Energy Limited) 2 JSW Energy (Barmer) Limited (Formerly known as Raj WestPower Limited) 3 Jaigad PowerTransco Limited 4 JSW Energy (Raigarh) Limited 5 JSW Energy (Kutehr) Limited 6 JSW Energy Natural Resources (BVI) Limited (upto 4th April, 2017) 7 JSW Hydro Energy Limited (Formerly known as Himachal Baspa Power Company Limited) 8 JSW Energy Minerals Mauritius Limited (upto 18th June, 2018) 9 JSW Energy Natural Resources Mauritius Limited 10 JSW Energy Natural Resources South Africa (Pty) Limited 11 South African Coal Mining Holdings Limited 12 Royal Bafokeng Capital (Pty) Limited 13 Ilanga Coal Mines Proprietary Limited (upto 18th July, 2017) 14 Jigmining Operations No.1 Proprietary Limited 15 Jigmining



Operations No.3 Proprietary Limited (upto 25th August, 2017) 16 Mainsail Trading 55 (Pty) Limited 17 SACM (Breyten) Proprietary Limited 18 SACM (Newcastle) Proprietary Limited (upto 18th September, 2017) 19 South African Coal Mining Equipment Company Proprietary Limited (upto 10th September, 2018) 20 Umlabu Colliery Proprietary Limited 21 Voorslag Coal Handling Proprietary Limited (upto 12th July, 2017) 22 Yomhlaba Coal Proprietary Limited 23 South African Coal Mining Operations Proprietary Limited 24 JSW Energy Natural Resources UK Limited (upto 29th August, 2017) 25 Minerals & Energy Swaziland Proprietary Limited (upto 30th November, 2018) 26 JSW Solar Limited (w.e.f. 1st January, 2018) 27 JSW Electric Vehicles Private Limited (w.e.f. 5th March, 2018)

Joint Ventures:

1 Barmer Lignite Mining Company Limited (Joint Venture) 2 Toshiba JSW Power Systems Private Limited (Associate)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Credit Enhancement](#)

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