

Jaiprakash Associates Limited

February 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20,867.57	CARE D	Reaffirmed
Long Term / Short Term Bank Facilities	4,619.21	CARE D / CARE D	Reaffirmed
Short Term Bank Facilities	1,475.00	CARE D	Reaffirmed
Non Convertible Debentures	90.00	CARE D	Reaffirmed
Non Convertible Debentures	100.00	CARE D	Reaffirmed
Non Convertible Debentures	500.00	CARE D	Reaffirmed
Non Convertible Debentures	500.00	CARE D	Reaffirmed
Non Convertible Debentures	248.23	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

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

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely track record of debt servicing by the company for continuous 3 months
- Sustainable improvement in the financial and business performance of the company

Negative factors- Not applicable

Analytical approach: Standalone

Key weaknesses

Weak financial performance in FY22

During FY22 (standalone), the company reported loss of Rs.1231.88 crore on total operating income of Rs.4223.23 crore as against loss of Rs.257.17 crore on total operating income of Rs.4346.47 crore during FY21. On account of deterioration in the company's financial performance over the past few years, the liquidity position of the company has continued to remain weak, leading to ongoing delays in debt servicing.

Defaults in debt servicing post the 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 September 30, 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 already transferred to UTCL (Ultra Tech Cement Ltd) of Rs. 11,689 crore, while bucket 2A, consisting of the amount of residual debt to be retained in JAL (Rs.6,367 crore) and bucket 2B, to be transferred to a new SPV (a specified Real Estate undertaking of JAL) of Rs. 13,590 crore. Debt in bucket 2A is being retained in JAL and would be serviced as per the restructured terms. For the debt in bucket 2B, proposed to be transferred to Jaypee Infrastructure Development Limited (JIDL) upon approval of Scheme of arrangement by Hon'ble NCLT, Allahabad, Optionally convertible debentures (OCDs) shall be issued by JIDL 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

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

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. However, there are defaults in servicing of the restructured debt as well since December 2018. For Bucket 2B, NCLT approval is still awaited. Since the restructuring exercise has not been fully executed, the rated debt amounts are considered prior to giving the effect of restructuring.

Key strengths

Plans for sale of assets for debt reduction

The company has intimated on the stock exchange regarding their plans to sell Cement, Clinker and Power Plants having aggregate cement capacity of 9.4 million tonnes per annum (MnTPA) along with clinker capacity of 6.7 MnTPA (which includes 2.00 MnTPA cement capacity belonging to associate company Jaiprakash Power Ventures Limited (JPVL)) and a thermal power plant of aggregate capacity of 280 MW to Dalmia Group. As per the exchange announcement, the enterprise value for the transaction is proposed to be at Rs.5666 crore.

For the aforementioned divestment the definitive agreement is yet to be executed. The divestment under reference is the part of company's continuing endeavour to reduced its debt. The transaction is proposed to be executed on a slump sale basis.

Liquidity: Poor

The liquidity position of the company is under stress due to weak cash accruals vis-à-vis large debt obligations.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

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. Jaypee Group 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, 2017. 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.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)^
Total operating income	4,346.47	4,223.23	2084.25
PBILDT	757.26	-263.89	-59.19
PAT	-271.40	-1,231.88	-675.12
Overall gearing (times)	2.46	2.93	NA
Interest coverage (times)	0.98	NM	NM

A: Audited; UA: Un-Audited; NM: Not meaningful; NA: Not available

^The company's 9MFY23 financials are yet to be released

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE455F07162	11-08-2008	-	11/08/2016	90.00	CARE D
	INE455F07170	04-11-2008		04/11/2016		
Debentures-Non Convertible Debentures	INE455F07394	26-10-2009	-	26/10/2016	100.00	CARE D
Debentures-Non Convertible Debentures	INE455F07543	25-07-2012	-	25/07/2022	500.00	CARE D
Debentures-Non Convertible Debentures	INE455F07428	16-07-2010	-	16/07/2020	500.00	CARE D
Debentures-Non Convertible Debentures	INE455F07667	27-09-2014	-	30/06/2023	248.23	CARE D
	INE455F07675	27-09-2014		31/12/2023		
	INE455F07683	09-10-2014		31/12/2023		
	INE455F07691	09-10-2014		31/03/2024		
Fund-based - ST-Bill Discounting/ Bills Purchasing	NA	-	-	-	275.00	CARE D
Fund-based - ST-Term loan	NA	-	-	31-03-2016	1000.00	CARE D
Fund-based - ST-Working Capital Demand loan	NA	-	-	-	200.00	CARE D
Fund-based-Long Term	NA	-	-	-	150.00	CARE D
Non-fund-based-LT/ST	NA	-	-	-	4619.21	CARE D / CARE D
Term Loan-Long Term	NA	-	-	31-03-2025	20717.57	CARE D

NA: Not applicable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	90.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
2	Term Loan-Long Term	LT	20717.57	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
3	Non-fund-based-LT/ST	LT/ST*	4619.21	CARE D / CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
4	Debentures-Non Convertible Debentures	LT	100.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
5	Debentures-Non Convertible Debentures	LT	500.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
6	Fund-based-Long Term	LT	150.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
7	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	275.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
8	Debentures-Non Convertible Debentures	LT	500.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
9	Fund-based - ST-Term loan	ST	1000.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)

10	Fund-based - ST-Working Capital Demand loan	ST	200.00	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)
11	Debentures-Non Convertible Debentures	LT	248.23	CARE D	-	1)CARE D (03-Feb-22)	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities- Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
3	Fund-based - ST-Term loan	Simple
4	Fund-based - ST-Working Capital Demand loan	Simple
5	Fund-based-Long Term	Simple
6	Non-fund-based-LT/ST	Simple
7	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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