

## Jaiprakash Associates Limited

February 03, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	20,867.57	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	4,619.21	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	1,475.00	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>26,961.78</b> <b>(Rs. Twenty-Six Thousand Nine Hundred Sixty-One Crore and Seventy-Eight Lakhs Only)</b>		
Non-Convertible Debentures	90.00	CARE D (Single D)	Reaffirmed
Non-Convertible Debentures	100.00	CARE D (Single D)	Reaffirmed
Non-Convertible Debentures	500.00	CARE D (Single D)	Reaffirmed
Non-Convertible Debentures	500.00	CARE D (Single D)	Reaffirmed
Non-Convertible Debentures	248.23	CARE D (Single D)	Reaffirmed
<b>Total Long-Term Instruments</b>	<b>1,438.23</b> <b>(Rs. One Thousand Four Hundred Thirty-Eight Crore and Twenty-Three Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### 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.*

### Rating Sensitivities

#### Positive Factors - Factors that could lead to positive rating action/upgrade:

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

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### Weak financial performance in FY21

During FY21 (standalone), the company reported loss of Rs.271.40 crore on total operating income of Rs.4501.90 crore as against loss of Rs.892.83 crore on total operating income of Rs.4670.45 crore during FY20. 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.

#### Delays 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 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 have been delays 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.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Liquidity: Poor**

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

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Policy On Curing Period](#)

[Rating Outlook and Credit Watch](#)

[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. 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.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22(UA)
Total operating income	4,670.45	4,501.90	2201.18
PBILDT	308.39	912.69	205.56
PAT	-892.13	-271.40	-420.37
Overall gearing (times)	2.39	2.46	NM
Interest coverage (times)	0.37	1.18	0.48

A: Audited; NM: Not Meaningful

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

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

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

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	NA	-	-	-	20717.57	CARE D
Non-fund-based-LT/ST	NA	-	-	-	4619.21	CARE D
Fund-based-Long Term	NA	-	-	-	150.00	CARE D
Fund-based - ST-Bill Discounting/ Bills Purchasing	NA	-	-	-	275.00	CARE D
Fund-based - ST-Term loan	NA	-	-	-	1000.00	CARE D
Fund-based - ST-Working Capital Demand loan	NA	-	-	-	200.00	CARE D
Debentures- Non-Convertible Debentures	INE455F07667 INE455F07675 INE455F07683 INE455F07691	December 31, 2017	12.40%	31/03/2024	248.23	CARE D
Debentures- Non-Convertible Debentures	INE455F07428	July 16, 2016	12.40%	16/07/2020	500.00	CARE D
Debentures- Non-Convertible Debentures	INE455F07394	January 26, 2016	12.40%	26/10/2017	100.00	CARE D
Debentures- Non-Convertible Debentures	INE455F07543	October 25, 2017	12.40%	25/07/2022	500.00	CARE D
Debentures- Non-Convertible Debentures	INE455F07162 INE455F07170	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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Debentures-Non Convertible Debentures	LT	90.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
2	Term Loan-Long Term	LT	20717.57	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
3	Non-fund-based-LT/ST	LT/ST*	4619.21	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
4	Debentures-Non Convertible Debentures	LT	100.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
5	Debentures-Non Convertible Debentures	LT	500.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
6	Fund-based-Long Term	LT	150.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
7	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	275.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
8	Debentures-Non Convertible Debentures	LT	500.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
9	Fund-based - ST-Term loan	ST	1000.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
10	Fund-based - ST-Working Capital Demand loan	ST	200.00	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)
11	Debentures-Non Convertible Debentures	LT	248.23	CARE D	-	1)CARE D (05-Feb-21)	1)CARE D (24-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Available**

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of 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: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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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### About CARE Ratings Limited:

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