

**Jaypee Cement Corporation Limited**  
**February 08, 2021**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	2,312.94	CARE D (Single D )	Reaffirmed
Short Term Bank Facilities	50.00	CARE D (Single D )	Reaffirmed
<b>Total Bank Facilities</b>	<b>2,362.94</b> <b>(Rs. Two Thousand Three Hundred Sixty-Two Core and Ninety-Four Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

*The ratings of the bank facilities and instruments of Jaypee Cement Corporation Limited (JCCL) continue to factor in delays in debt servicing by the company due to liquidity constraints.*

**Rating Sensitivities:**

Positive Factors:

- Timely track record of debt servicing by the company for continuous 3 months
- Sustainable improvement in the operations of the company

**Detailed description of the key rating drivers**

**Weak financial profile in FY20:** During FY20, the company's net loss stood at Rs.740.11 crore on the total operating income of Rs. 166.59 crore as against net loss of Rs. 143.73 crore on total operating income of Rs. 178.59 crore. Decline in operating income, decline in PBILDT margin and high interest cost have been the key reasons for weak financial performance. Due to weak financial risk profile of the group coupled with JCCL's weak operating performance, the liquidity position continued to remain constrained, leading to delays in debt servicing by the company.

**Liquidity: Poor**

The liquidity of the company is poor, owing to delays in debt servicing. The company had cash and bank balance of Rs.5.01 crore as on March 31, 2020.

**Analytical approach:** Standalone

**Applicable Criteria**

[CARE's Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology- Cement Industry](#)

[CARS's Policy on Curing Period](#)

[Financial ratios – Non-Financial Sector](#)

**About the Company**

JCCL, a wholly-owned subsidiary of Jaiprakash Associates Ltd (JAL, rated CARE D), is engaged in cement manufacturing. It has a 1.20 MTPA cement grinding unit at Shahabad District Gulbarga, Karnataka along with a 60 MW captive power plant. Another 1.20 MTPA cement capacity at Jaypee Shahabad Cement Project has been kept suspended temporarily.

Brief Financials (Rs. crore)	FY19 (A)	FY20(A)
Total operating income	178.59	166.59
PBILDT	13.44	6.48
PAT	-143.73	-740.11
Overall gearing (times)	3.69	-4.66
Interest Coverage (times)	0.11	0.03

A: Audited

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

Status of non-cooperation with previous CRA: NA

Any other information: NA

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

#### 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
Fund-based - LT-Term Loan	-	-	-	2312.94	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	50.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	2312.94	CARE D	-	1)CARE D (06-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-
2.	Non-fund-based - ST-Letter of credit	ST	50.00	CARE D	-	1)CARE D (06-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-

#### Annexure 3- Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Non-fund-based - ST-Letter of credit	Simple

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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