

Jaypee Cement Corporation Limited

March 26, 2024

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|------------------|---------------------|---------------|
| Long Term Bank Facilities | 2,312.94 | CARE D | Reaffirmed |
| Short Term Bank Facilities | 50.00 | CARE D | Reaffirmed |

Details of instruments/facilities in Annexure-1.

Rationale and 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: 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 operations of the company

Analytical approach:

Standalone

Detailed description of the key rating drivers:

Key weaknesses

Weak financial profile in FY23

During FY23, the company's net loss stood at Rs. 345.42 crore on the total operating income of Rs. 53.81 crore against net loss of Rs. 217.62 crore on total operating income of Rs. 181.58 crore in FY22. Low operating income 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. 2.03 crore as on March 31, 2023.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cement](#)

About the company and industry

Industry classification

| Macro Economic Indicator | Sector | Industry | Basic Industry |
|--------------------------|------------------------|--------------------------|--------------------------|
| Commodities | Construction Materials | Cement & Cement Products | Cement & Cement Products |

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

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 (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | 9MFY24 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 181.58 | 53.81 | 17.71 |
| PBILDT | -8.48 | -88.73 | -19.70 |
| PAT | -217.62 | -345.42 | -218.05 |
| Overall gearing (times) | -1.31 | -1.23 | NA |
| Interest coverage (times) | -0.05 | -0.40 | -0.29 |

A: Audited UA: Unaudited; NA: Not Applicable. Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

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: 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 |
|--------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Term Loan | | - | - | 31-10-2025 | 2312.94 | CARE D |
| Non-fund-based - ST-Letter of credit | | - | - | - | 50.00 | CARE D |

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 2023-2024 | 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 |
| 1 | Fund-based - LT-Term Loan | LT | 2312.94 | CARE D | - | 1)CARE D (27-Mar-23) 2)CARE D (04-Apr-22) | - | 1)CARE D (08-Feb-21) |
| 2 | Non-fund-based - ST-Letter of credit | ST | 50.00 | CARE D | - | 1)CARE D (27-Mar-23) 2)CARE D (04-Apr-22) | - | 1)CARE D (08-Feb-21) |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of 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 | Fund-based - LT-Term Loan | Simple |
| 2 | Non-fund-based - ST-Letter of credit | 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.

Contact Us

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About us:

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