FEBRUARY 18, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES AND INSTRUMENTS OF JAIPRAKASH POWER VENTURES LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	21,339.10	**CARE BBB- [Triple B Minus] Continues on Credit Watch**	**Revised from CARE BBB [Triple B]; On 'credit watch'**
Total Facilities	**21,339.10**		
Zero coupon Non-Convertible Debenture - II	245.13	**CARE BBB- [Triple B Minus] Continues on Credit Watch**	**Revised from CARE BBB [Triple B]; On 'credit watch'**

Rating Rationale

The revision in the ratings of the bank facilities and instruments of Jaiprakash Power Ventures Ltd. (JPVL) primarily takes into account increased liquidity pressure and proposed reschedulement of Foreign Currency Convertible Bond (FCCBs). CARE notes that JPVL had approached the FCCB investors well before the due date and the majority of the investors had agreed, in-principal, on JPVL's reschedulement proposal, before the due date. The ratings continue to be constrained by weakened financial risk profile of JPVL, time and cost overrun in thermal power projects (TPPs) under execution, relatively large repayment obligations in the near to medium term exposing the company to refinancing risks and risks associated with the power projects such as availability of fuel and fluctuation in merchant power tariffs.

The ratings, however, continue to derive comfort from the experienced promoter group having long track record in the power segment and satisfactory operating performance of various power projects of the company.

Going forward, the performance of the various operational projects, the ability of the company to implement the ongoing projects in a timely manner, secure adequate fuel supply for the Nigrie TPP and raise requisite funds to meet its capex and other obligations shall be the key rating sensitivities.

The ratings continue to be on credit watch on account of emerging developments pertaining to definitive agreement entered by JPVL with JSW Energy Ltd (JSWEL, rated 'CARE AA-/CARE A1+' under 'credit watch') for sale of Baspa and Karcham HEPs, out of the three power projects of the company (including Bina TPP) for which MOU was signed. The ratings are also on "credit watch" in view of the developments with respect to redemption of the FCCBs. CARE would closely monitor the developments with respect of the said events and their impact on the credit profile of the company and would take a view on the ratings once the exact implications can be ascertained.

Background

JPVL, a 60.69% subsidiary of Jaiprakash Associates Ltd (JAL, rated 'CARE BBB-/CARE A3'), is engaged in power generation and currently has operational hydro power projects aggregating 1,791 MW (400 MW Vishnuprayag in Uttarakhand, 300 MW Baspa and 1,091 MW Karcham Wangtoo in Himachal Pradesh) and thermal power projects of 1,160 MW (500 MW Bina and 660 MW Nigrie, Madhya Pradesh). JPVL has a presence in the power transmission business through its 74% subsidiary Jaypee Powergrid Ltd (JPL, rated 'CARE A-') which has set up

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

a 214-km transmission line. The company has 660-MW Nigrie unit II and 1,980-MW Bara (in Uttar Pradesh, through its subsidiary Prayagraj Power Generation Ltd (PPGCL)) thermal power projects under implementation.

For FY14 (refers to the period April 1 to March 31), JPVL reported a PAT of Rs.19.73 crore on a total operating income of Rs.2,746.83 crore on a standalone basis. As per 9MFY15 results (UA), JPVL (standalone basis) posted a total operating income of Rs.3029.34 crore with PAT of Rs.278.75 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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