OCTOBER 06, 2015

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

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	11,885.00	**CARE D [Single D]**	**Revised from CARE BB [Double B]**
Long-term Bank Facilities	817.41	**CARE B [Single B]**	**Revised from CARE BB [Double B]**
Long-term Bank Facilities	2,409.95	**CARE B [Single B] (Credit Watch)**	**Revised from CARE BB [Double B], Placed on Credit Watch**
Long-term Bank Facilities	6,226.74	**CARE BB [Double B] (Credit Watch)**	**Placed on Credit Watch**
Total Facilities	**21,339.10 (Rupees Twenty One Thousand Three Hundred Thirty Nine crore and Ten lakh only)**		
Zero coupon Non-Convertible Debenture – II (ZCDs)	-	**-**	**Withdrawn***

** CARE has withdrawn the rating of the ZCDs with immediate effect as the company has fully repaid the amounts under the said issue and there is no amount outstanding under the issue as on date.*

***The aforesaid liabilities stand transferred to Himachal Baspa Power Company Limited (HBPCL). The transfer was due to transfer of the company's Karcham Wangtoo and Baspa Hydro power projects to HBPCL, which is now owned by JSW Energy Ltd (JSWEL). CARE is in the process of obtaining information from JSW Energy group in order to make assessment of credit quality of these instruments under the new entity.*

Rating Rationale

CARE has revised the ratings assigned to the bank facilities of Jaiprakash Power Ventures Ltd (JPVL) in respect of those availed for Nigrie thermal power project (NTPP) to 'CARE D' on account of the ongoing delays in debt servicing of these loans. The cash flows of the project have weakened as a result of subdued operating performance and the proposal for refinancing and additional financial assistance is under consideration with the lenders. Also, CARE has revised the rating assigned to corporate term loans and cement unit loans of JPVL to 'CARE D' due to weak liquidity and impending large repayment obligations in the near term for which funds are yet to be tied up. Also, CARE has revised the rating assigned to the bank facilities of JPVL in respect of Bina power project to 'CARE B' and placed under credit watch on account of binding MOU entered with JSW Energy Ltd for sale of the project. The rating of bank facilities of Vishnuprayag power project has been revised to 'CARE B' on account of deterioration in the overall financial risk profile of the company. Cash flows of the company have weakened due to continued high debt levels, relatively longer time taken and lower than expected realization from the sale of two power assets to the JSW group, and subdued operating performance of the thermal power assets. The rating continues to factor in experienced promoter group having long track record in the power segment. Going forward, performance of the various operational projects, timely monetization of assets as envisaged, raising of requisite funds to meet investment and other obligations, secure adequate fuel supply for the Nigrie

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

TPP and timely implementation of the project under JPVL's subsidiary Prayagraj Power Generation Ltd (PPGCL) shall be the key rating sensitivities.

Background

JPVL, a 60.69% subsidiary of Jaiprakash Associates Ltd (JAL, rated 'CARE D') is engaged in power generation business and currently has one operational hydro power project of 400 MW (Vishnuprayag in Uttarakhand), and two thermal power projects of having 1,820 MW capacity (500 MW Bina and 1,320 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 a 214-km transmission line. The company, through its subsidiary Prayagraj Power Generation Ltd (PPGCL), has 1,980-MW under implementation thermal power project in Bara, Uttar Pradesh. JPVL has recently transferred its Baspa and Karcham hydro power projects to Himachal Baspa Power Company Ltd (HBPCL) and divested it to JSWEL (rated 'CARE AA-/A1+' under credit watch). JPVL has also commissioned 2 MTPA cement grinding unit at Nigrie in June 2015.

For FY15 (refers to the period April 1 to March 31), JPVL, on a standalone basis, reported PAT of Rs.137.21 crore on total operating income of Rs.4097.26 crore as against PAT of Rs.19.73 crore on the total operating income of Rs.2,746.83 crore in FY14. In Q1FY16 (unaudited), JPVL reported PAT of Rs.64.94 crore on the total operating income of Rs.1,209.37 crore as against PAT of Rs.69.15 crore on total operating income of Rs.787.02 crore in Q1FY15.

Analyst Contact

Name: Mr Jatin Babbar
Tel: 011-45333246
Cell: 9999568722
Email: jatin.babbar@careratings.com

****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.

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:
503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

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