

Jaiprakash Associates Limited

March 24, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	21,244.97	CARE D [Single D]	Reaffirmed
Short-term Bank Facilities	2,513.00	CARE D [Single D]	Reaffirmed
Long-term/Short-term Bank Facilities	5,457.23	CARE D/CARE D [Single D/Single D]	Reaffirmed
Total Facilities	29,215.20 (Rupees Twenty Nine Thousand Two Hundred Fifteen crore and Twenty lakh only)		
Long-term Non-Convertible Debentures (aggregate) IV, VIII, X, XII, XIII	1,438.23 (Rupees One Thousand Four Hundred and Thirty Eight Crore and Twenty Three Lakh only)	CARE D [Single D]	Reaffirmed

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:

- 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

Weak financial performance in FY19: During FY19 (standalone), the company reported loss of Rs. 773.50 crore on total operating income of Rs. 6976.41 crore as against profit of Rs. 351.71 crore on total operating income of Rs. 5847.04 crore during FY18. Major portion of revenue was booked on account of sale of land under Debt Asset Swap with lenders. On account of deterioration in the company's financial performance over the past few years and delay in receipt of funds through sale of assets, the liquidity position of the company has continued to remain weak, leading to ongoing delays in debt servicing.

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 30th September, 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)

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

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.

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.

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short-term Instruments](#)

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)	FY18 (Audited)	FY 19 (A)
Total operating income	5847.04	6976.41
PBILDT	1506.58	805.64
PAT	351.71	-773.68
Overall Gearing (times)	1.80	2.11
Interest Coverage (times)	2.12	1.08

A: Audited

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
Term Loan-Long Term	-	-	-	20744.97	CARE D
Non-fund-based-LT/ST	-	-	-	5457.23	CARE D
Fund-based-Long Term	-	-	-	500.00	CARE D
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	275.00	CARE D
Fund-based - ST-Term loan	-	-	-	2038.00	CARE D
Fund-based - ST-Working Capital	-	-	-	200.00	CARE D

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Demand loan					
Debentures-Non Convertible Debentures	December 31, 2017	12.40%	31/03/2024	248.23	CARE D
Debentures-Non Convertible Debentures	July 16, 2016	12.40%	16/07/2020	500.00	CARE D
Debentures-Non Convertible Debentures	January 26, 2016	12.40%	26/10/2017	100.00	CARE D
Debentures-Non Convertible Debentures	October 25, 2017	12.40%	25/07/2022	500.00	CARE D
Debentures-Non Convertible Debentures	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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	90.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
2.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (22-Apr-16)
3.	Term Loan-Long Term	LT	20744.97	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
4.	Non-fund-based-LT/ST	LT/ST	5457.23	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
5.	Debentures-Non Convertible Debentures	LT	100.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
6.	Debentures-Non Convertible Debentures	LT	500.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
7.	Debentures-Non	LT	-	-	-	-	1)Withdrawn	1)CARE D

	Convertible Debentures						(26-Apr-17)	(31-Dec-16) 2)CARE D (22-Apr-16)
8.	Fund-based-Long Term	LT	500.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
9.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	275.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
10.	Debentures-Non Convertible Debentures	LT	500.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
11.	Fund-based - ST-Term loan	ST	2038.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
12.	Fund-based - ST-Working Capital Demand loan	ST	200.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
13.	Debentures-Non Convertible Debentures	LT	248.23	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (26-Apr-17)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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