JAIPRAKASH
POWER VENTURES LIMITED

Ref: JPVL:SEC:2020

8th August, 2020

The Manager
Listing Department
National Stock Exchange of India Ltd.,
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai -400 051
Scrip Code: JPPOWER

The Manager
Listing Department
BSE Limited,
25th Floor, New Trading Ring,
Rotunda Building,
P J Towers, Dalal Street, Fort,
Mumbai - 400 001
Scrip Code: 532627

Sub: Intimation of Revision in Ratings

Dear Sirs/Madam,

In terms of Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that CARE Ratings Limited has revised (upgraded from 'D' to 'BB-') its ratings on Long term Bank Facilities of the Company as follows:-

Facilities	Amount (Rs. crore)	Rating	Rating Action
Long term Bank Facilities*	-	-	Withdrawn
Long term Bank Facilities*	5,850.70	**CARE BB-; Stable (Double B Minus; Outlook: Stable)**	**Re-assigned**
Total Facilities	5,850.70 (Rupees Five Thousand Eight Hundred Fifty Crore and Seventy Lakh Only)		

* Bank facilities rated were the debt prior to the execution of the Framework Agreement of the resolution plan. As the characteristics of the facility has now substantially changed in accordance to the resolution plan, the outstanding rating has been withdrawn and subsequently, rating has been re-assigned to the outstanding debt. Details of facilities in Annexure-1.

Ratings rationale of CARE Ratings Limited dated 7th August, 2020 (received today) for revision of credit rating is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,
for Jaiprakash Power Ventures Limited

JAIPRAKASH POWER VENTURES LIMITED

(Mahesh Chaturvedi)
Addl. G.M. & Company Secretary

Encl: As above

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Jaipraprakash Power Ventures Limited

August 07, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities*	-	-	**Withdrawn**
Long term Bank Facilities	5,850.70	**CARE BB-; Stable (Double B Minus; Outlook: Stable)**	**Re-assigned**
Total Facilities	**5,850.70 (Rupees Five Thousand Eight Hundred Fifty Crore and Seventy Lakh Only)**		

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Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating re-assigned to the bank facilities of JPVL takes into account the delay free track record of more than three months in servicing of debt obligations of the company. The rating also factors in conversion of unsustainable portion of debt into Cumulative Convertible Preference Shares (CCPS) and Compulsory Redeemable Preference Shares (CRPS) in accordance to the resolution plan. The rating also takes into account the firm Fuel supply Agreements (FSA) for its thermal plants and healthy operational performance to the extent of its contracted capacity.

The ratings are however constrained by significant installed capacity not tied with Power Purchase Agreement (PPA) exposing the cash accruals to the fluctuation in merchant market. The ratings also factors in the under recovery of energy charge from Nigrie super thermal power plant (JNSTPP) and the associated counter party risk upon sale of power to Uttar Pradesh Power Corporation Limited (UPPCL) and MP Power Management Company Ltd (MPPMCL) which have relatively weaker financial profile.

Rating Sensitivities

Positive Factors

- Increase in long term PPA tie up to more than 85% for the installed capacity.
- Better realization on sale of power through merchant basis, significantly improving cash accrual on sustained basis.

Negative Factors

- Poor sales volume and realization on merchant basis, leading to deteriorating cash accrual.
- Significant deterioration in average collection period on sustained basis.

Detailed description of the key rating drivers

Key Rating Weaknesses

Moderate sales risk

JPVL has long term PPA of 1,245 MW (aggregating to 56.08% of total capacity) with another 100 MW on medium term basis. The long term PPAs allows for price to be determined as per regulatory commission guidelines assuring 15.5% return on equity and thus stable cash accrual. The capacity charges are recoverable in full if the plant availability exceeds normative PAF.

However, JPVL has to rely on sale of power on merchant basis for its untied capacity, which exposes it to the vagaries of power demand which has been significantly impacted recently. JPVL has witnessed a decline in average merchant tariff realization from JNSTPP and Bina thermal Power Plant (JBTPP) in FY20. Further, the lockdown imposed in India to control the COVID-19 pandemic is expected to have an adverse impact on the cash flows of entities because of decline in electricity demand would in turn affect the cash flows of the company.

Cash accrual of JNSTPP impacted by under-recovery of energy charge

JPVL was re-allotted the Amelia (North) coal mine under the auction conducted by the Ministry of Coal (subsequent to de-allocation of coal blocks nation-wide by the Hon'ble Supreme Court in September 2014). During this re-bidding, usage from the mine for the long term PPA of JNSTPP was allowed only to the extent of 85%. Further, due to the negative bid price, JNSTPP not only had nil energy charge recovery but also had to bear the mining cost and a quoted bid price payable to the GoMP.

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

Counterparty credit risk associated with sale of power to weak power DISCOMs
The sale of power under the long term power purchase agreement (PPA) with UPPCL and MPPMCL exposes JPVL to significant counter party credit risk. Both UPPCL and MPPMCL have relatively weak financial risk profile.
The payment of dues under by UPPCL and MPPMCL from the Vishnuprayag Hydro-Electric Plant (VHEP) as well as from JNSTPP has been broadly in time, in last 6 months. However, the dues for the JBTPP unit during Apr'20-May-20 period has not been paid by MPPMCL. Timely receipt of payment from the off-takers will be important and is a monitorable going forward.

Key Rating Strengths
Conversion of unsustainable portion of debt to CCPS/CRPS in accordance to the resolution plan
JPVL had signed a Framework Agreement on April 18, 2019 with its lenders for its outstanding loan in its units – JNSTPP, JBTPP, VHEP, Cement Grinding Unit and Corporate along with the accrued interest thereon as of July 31, 2018. Debt of Rs. 3,840.05 cr was identified as unsustainable and was converted to CCPS/CRPS (including 0.01% CCPS worth Rs. 3,805.53 cr with maturity of 29 years). JPVL has also issued equity of Rs. 352 cr to a corporate where the unsecured loan outstanding was Rs. 752 cr. Out of the remaining portion, Rs. 120 cr is converted to interest free loan repayable after the repayment of secured lenders. Rest of the unsecured loan has been written off. JPVL has also converted FCCBs worth USD 101.43 cr into 49.26 cr equity shares. The lenders have also reduced the effective interest rate and extended the repayment upto FY35 with favorable repayment structure, to ease out the operating cash flows of the company.

FSA in place for the thermal plants for their respective tied up capacity
Majority of the coal procured for the contracted capacity of the Nigrie and the Bina plant is through its captive mine (Amelia) and linkages, respectively. JPVL has a captive coal mine - Amelia (North) with an annual drawing capacity of 2.8 million tonnes per annum (MTPA) as per the Coal Mine Development and Production Agreement. The coal production from the mine started on May 26, 2015. The Nigrie plant had consumed coal of 4.10 MT in FY20 (PY: 3.70 MT) where majority of the same was procured through captive mine. For the Bina plant, JPVL has obtained FSAs with Central Coalfields Ltd and South Eastern Coalfields Ltd with ACQ of 0.713 MTPA and 0.829 MTPA respectively.

Moderate operational performance
JPVL's operating performance has been moderate characterized by healthy operation registered by VHEP, offset by weaker performance of the thermal plants. This is partly attributable to lower tie up of capacity of the thermal plants. VHEP continued to post higher-than-NAPAF in FY20, leading to full recovery of the capacity charge. PAF for JNSTPP and JBTPP were 86.02% and 84.91% respectively in FY20. PLF of the Bina and Nigrie plant was low at 56.49% and 54.44% respectively in FY20. It was 57.17% and 63.39% respectively in FY19. Both the thermal plants enjoy decent scheduling for their contracted capacity due to their competitive energy charge rate. However, lesser sales on merchant basis have impacted overall generation and auxiliary consumption of the thermal plants.

Liquidity: Stretched
JPVL has narrow headroom between its cash accrual vis a vis its debt repayment obligation. However, its funded DSRA of one quarter interest and principal (around Rs. 197 cr as on march 31, 2020) and moderate cash balance (Rs. 83 cr as on March 31, 2020) adds some comfort. The company's liquidity position depends on the receipts from UPPCL and MPPMCL. The company's fund based working capital limit utilization were 94.12% for JNSTPP and 95.01% for JBTPP, during the trailing twelve months ended March'20. Though the company is receiving payments within 30 days of billing for VHEP and JNSTPP, some delays are observed for payments made by MPPMCL for JBTPP in the past 6 months. JPVL had applied for moratorium on debt repayment under the Covid'19 regulatory package announced by RBI. However, JPVL has also prepaid some portion of the debt.

Analytical approach: Standalone

Applicable Criteria
Definition of Default
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Policy On Curing Period
Rating Outlook and Credit Watch
Infrastructure Sector Ratings
Private Power Producers

About the Company

The company is promoted by Jaiprakash Associates Limited (JAL) and was incorporated in 1994. It is engaged in power generation and transmission business. JPVL is engaged in power generation business and currently has one operational hydro power project of 400 MW (Vishnuprayag in Uttarakhand), two thermal power projects of 1,820 MW capacity (500 MW Bina, Madhya Pradesh and 1,320 MW Nigrie, Madhya Pradesh), a coal mine at Amelia (north), Madhya Pradesh and a cement grinding unit in Nigrie, Madhya Pradesh.

The group has diversified business activities in the power generation business with a track record of over 17 years. It has businesses in sectors such as real estate, road BOOT, hospitality and fertilizer through its subsidiaries.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	3,855	3,284
PBILDT	1,302	888
PAT	(378)	(3,505)
Overall gearing (times)	1.27	0.58
Interest coverage (times)	0.91	1.37

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2035	2235.95	CARE BB-; Stable
Non-fund-based - LT-BG/LC	-	-	-	37.29	CARE BB-; Stable
Fund-based - LT-Cash Credit	-	-	-	340.98	CARE BB-; Stable
Fund-based - LT-Cash Credit	-	-	-	163.96	CARE BB-; Stable
Term Loan-Long Term	-	-	June 2033	1312.15	CARE BB-; Stable
Non-fund-based - LT-BG/LC	-	-	-	20.45	CARE BB-; Stable
Term Loan-Long Term	-	-	March 2035	993.20	CARE BB-; Stable
Term Loan-Long Term	-	-	Dec 2031	701.75	CARE BB-; Stable
Term Loan-Long Term	-	-	March 2035	44.97	CARE BB-; Stable

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.	Term Loan-Long Term	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
2.	Non-fund-based - LT-BG/LC	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
3.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
4.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
5.	Non-fund-based - LT-	LT	-	-	-	1)CARE D	-	1)CARE D

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
	BG/LC					(05-Apr-19)		(29-Nov-17)
6.	Term Loan-Long Term	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
7.	Term Loan-Long Term	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
8.	Term Loan-Long Term	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
9.	Term Loan-Long Term	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
10.	Non-fund-based - LT-BG/LC	LT	-	-	-	1)CARE D (05-Apr-19)	-	1)CARE D (29-Nov-17)
11.	Fund-based - LT-Term Loan	LT	2235.95	CARE BB-; Stable	-	-	-	-
12.	Non-fund-based - LT-BG/LC	LT	37.29	CARE BB-; Stable	-	-	-	-
13.	Fund-based - LT-Cash Credit	LT	340.98	CARE BB-; Stable	-	-	-	-
14.	Fund-based - LT-Cash Credit	LT	163.96	CARE BB-; Stable	-	-	-	-
15.	Term Loan-Long Term	LT	1312.15	CARE BB-; Stable	-	-	-	-
16.	Non-fund-based - LT-BG/LC	LT	20.45	CARE BB-; Stable	-	-	-	-
17.	Term Loan-Long Term	LT	993.20	CARE BB-; Stable	-	-	-	-
18.	Term Loan-Long Term	LT	701.75	CARE BB-; Stable	-	-	-	-
19.	Term Loan-Long Term	LT	44.97	CARE BB-; Stable	-	-	-	-

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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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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