

June 15, 2010

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES AND DEBT INSTRUMENTS OF JAIPRAKASH ASSOCIATES LTD.

Ratings

Facilities/Instruments	Amount (Rs.Cr)	Ratings¹	Remarks
Long-term /Short-term Bank Facilities	16,434.22 (enhanced from Rs.12,350.37 cr)	'CARE A+ / PR1' (Single A Plus) / (PR One)	Reaffirmed
Total Facilities	16,434.22		
Long-term Non-Convertible Debentures	105	CARE AA (SO)*	Reaffirmed
Long-term Non-Convertible Debentures	30	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	450	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	150	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	500	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	500	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	900	'CARE A+'	Reaffirmed
Long-term Non-Convertible Debentures	400	'CARE A+'	Reaffirmed
Short-term debt	200	'PR1'	Reaffirmed
Commercial Paper	500	'PR1'	Reaffirmed

* backed by a partial guarantee of ICICI Bank Ltd.

Rating Rationale

The ratings continue to reflect Jaiprakash Associates Ltd.'s (JAL) dominance and expertise in the hydro-power project construction business, satisfactory order book position in the engineering and construction division, growing dominance in the cement industry after considerable capacity addition during FY09 & FY10 as well as consistent growth in revenue and profitability levels. The ratings are constrained by increasing debt levels, risks pertaining to ongoing expansions in the cement division, significant commitments of JAL towards subsidiaries which are engaged in developing projects of large sizes (in areas of power generation, expressway, construction) as well as inherent risks & cyclicity associated with real estate business.

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

As JAL's future growth plans are likely to result in increased debt levels, the ability of the company to continue to infuse funds through alternative sources as well to maintain the optimum capital structure along with factors such as higher than anticipated support towards subsidiaries, successful commissioning of the ongoing projects and sustainability of profitability margins would be the key rating sensitivities.

Company Profile

JAL is a dominant player in the construction of multi-purpose river valley and hydro-power projects and has been involved in the construction of major engineering projects for the last three decades. JAL is also one of the leading cement manufacturers in India with an installed capacity of about 19.1 mtpa as at January 31, 2010.

For FY09, JAL reported a PAT of Rs.897 cr on a total income of Rs.5,787 cr. For 9MFY10, the company posted total income of Rs.6,970 cr with PBILDT and PAT margins of 28.65% and 23.94% respectively. High PAT margin was primarily on account of gain of Rs.1,316 cr made on sale of treasury stocks during the first half of the year.

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CARE 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.

Disclaimer

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