

From: JSL Investor/Agents/Miscellaneous/JyotiStructures
To: editor@expressindia.com

Date: Tuesday, June 14, 2016 01:55PM
Subject: Response to Article published in Financial Express

Kind Attention : Mr. Shayan Ghosh
The Financial Express

Dear Sir,

In response to Article published in the Financial Express 'Hit by bond default, Jyoti Structures may face 'legal actions', we would like to clarify that the Company has issued redeemable NCDs for the aggregate value of Rs.49.74 crore with redemption spread over the period of time upto October 2018.

The Company has been negotiating with the NCD holders, which have fallen due for redemption recently amounting to Rs.13.20 crore, in consultation with Trustees and JLF.

Regards
Investors Cell
Jyoti Structures Limited

Hit by bond default, Jyoti Structures may face 'legal actions'



Jyoti Structures had issued non-convertible debentures (NCDs) worth Rs 50 crore and a face value of Rs 1 lakh each maturing in May and October 2016. Now that its cash flows are being overseen by banks, Jyoti Structures has delayed repayments to its bondholders due on May 16. Two senior bankers familiar with the development confirmed to FE that lenders were monitoring the firm's finances after the strategic debt restructuring (SDR) scheme had been initiated. A senior banker at State Bank of India (SBI) said lenders were scouting for an investor for the highly indebted company but declined to comment on the default.

Jyoti Structures had issued non-convertible debentures (NCDs) worth Rs 50 crore and a face value of Rs 1 lakh each maturing in May and October 2016 at a coupon rate of 12.5% and another maturing in March and May 2018 carrying a coupon rate of 14%. In December 2012, the instrument was rated A- by CARE Ratings while the long-term bank loans of Rs 4,130 crore were also rated A-. The Mumbai-based company reported a net loss of Rs 502 crore in FY16 on the back of Rs 2,495 crore in revenues; interest expenses more than doubled to Rs 559 crore. Bloomberg data show gross debt at the end of March 2015 was Rs 2,356 crore, up from Rs 1,563 crore in FY14.

The development was confirmed by a company executive who declined to be named. "We were ready to make the interest payments but since the company is under SDR, all repayments will have to be routed through the JLF (joint lenders' forum) led by SBI," he said. According to the official, Jyoti Structures' cash flows are monitored by the consortium of 21 lenders and repayments are made through the trust retention account. "The company has been told by lenders to hold repayments till a new investor steps in," he explained.

A broker in the know said investors have written to IDBI Trustee, the debenture trustee for the NCDs. In a letter dated May 11, IDBI Trustee wrote that the company has not reverted to its request for repayments to investors. "We in our capacity as the Debenture Trustee have been following up vigorously but there has been no revert from your side," IDBI Trustee wrote to Jyoti, adding that failing to repayments would lead to "legal actions".

Allottees of the NCDs which matured in May include MTNL Gratuity Trust, Ashok Leyland Senior Executives Provident Fund and Smiore Employees Provident Fund Trust, among others.

Lenders to Jyoti Structures decided to convert Rs 307.6 crore of loans into shares at a value of Rs 26.9 apiece in December last year as part of an SDR scheme outlined by the Reserve Bank of India.

Lenders have 18 months from the date the SDR scheme is effective to find a buyer for the company. Should banks fail to usher in a new promoter, the asset would be classified as a non-performing asset.