

Ref: JAL:SEC:2018

21st May, 2018

BSE Limited

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Rotunda Building,
P J Towers, Dalal Street, Fort,
MUMBAI 400 001

SCRIP CODE: 532532

The Manager

Listing Department

National Stock Exchange of India Ltd

"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

NAME OF SCRIP: JPASSOCIAT

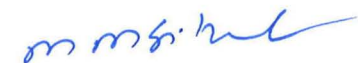
Sub: Press Release

Dear Sirs,

In response to a news item published in The Economic Times (ET Markets) on 18th May, 2018 under the caption "*Tribunal says unencumbered land was used as collateral without taking the approval of lenders. Mortgage of Jaypee Infra Land to Get Loans for JAL was Fraudulent: NCLT*", a copy of Press Release issued by the Company is attached, which is self explanatory.

Thanking you,

Yours faithfully,
For JAIPRAKASH ASSOCIATES LIMITED



(M.M. Sibbal)
Jt. President & Company Secretary

Encl: As above

May 21, 2018

PRESS RELEASE

Reference is drawn to the news item published in Economic Times (ET Markets) on 18-05-2018 under the caption *"Tribunal says unencumbered land was used as collateral without taking the approval of lenders. Mortgage of Jaypee Infra Land to Get Loans for JAL was Fraudulent : NCLT"*

While Jaiprakash Associates Ltd. (JAL) is taking necessary steps to seek available legal remedies, it is clarified that the mortgage of land of Jaypee Infratech Ltd. (JIL), which is a subsidiary of JAL, was being provided only as a collateral security at the instance and in favour of the lenders of JAL, since 2009 and in normal course of Banking.

The loans of JAL were fully secured by its own assets. It is vehemently denied that JIL's land was mortgaged to get loans for JAL, as sought to be made out and stated to be fraudulent. However, it was only at the instance of the Lenders of JAL, that the mortgage on part of the unencumbered land of JIL was being provided as additional collateral security from time to time since 2009 in line with normal banking practice and much before coming into force of the provisions of Insolvency & Bankruptcy Code, 2016 (IBC) in December, 2016. Corporate Insolvency Resolution Process (CIRP) for JIL was commenced vide order dated 09.08.2017 by Hon'ble NCLT.

Such collateral security was being provided at the instance of the Lenders since 2009 and it is denied as absolutely false and baseless to say that "the move took place at a time when banks had started classifying Jaypee Infratech as a non performing asset". As a matter of fact, the area of land provided as collateral security had come down from 1043.55 acres as on 08.08.2015 to 893.55 acres as on 31.03.2016 and further down to 858.37 acres as on 08.08.2016 and continues to be the same at 858.37 acres till date.

The mortgages under reference were duly approved by the Board of JIL comprising nominee of Lenders and no lender ever objected to the creation of mortgages till date. 10 out of 12 lenders of JIL are common and they represent 80% of borrowings of JIL. They have been member of JLF. Their approval was obvious and the mortgages were created in their favour only. In any case, the land under reference was part of JIL's unencumbered land for which no approval of its Lenders was required to be taken. It is also a fact that security provided in favour of lenders of JIL was perfect, to the entire satisfaction of lenders of JIL. Further, it was lawful for JIL under the Companies Act, 2013 to provide such collateral security for loans of JAL.

It is a matter of record that JIL was facing liquidity problems for the last 2/3 years due to various reasons beyond its control, including overall depression in the economy, particularly in the real estate segment and orders passed by National Green Tribunal which virtually halted the construction activities in the radius of 10 Kms from Okhla Bird Century, for about 2 years due to which the housing construction of JIL also got affected.

As a responsible Corporate, JIL despite the general recession in real estate sector across the country continued its efforts to reduce debt by selling land and attempted even for monetizing toll. However, limited success could only be achieved which was sadly not enough to meet its all commitments. Since

having been engaged with banks to find resolution for debt security and working capital to complete homes, it worked out a resolution plan with its Lenders which had been approved in principle by the Joint Lenders Forum (JLF) constituted under the guidelines of RBI to address such issues. While the resolution plan of JIL was in advance stages of finalization, due to sudden directions from Reserve Bank of India, IDBI moved NCLT with its petition under IBC, which was objected by JIL before JLF as well as NCLT. However, on the assurance of IDBI for early approval of JIL's resolution plan pending consideration with the Core Group of JLF, and in the interest of all stakeholders including Home Buyers and FD Holders, it withdrew the objections filed before NCLT, leading to admission of IDBI's petition under the IBC. The reasons of withdrawal of objections and the consensus of the parties for early approval of the resolution plan of the company, are duly recorded in the order dated 09.08.2017 of Hon'ble NCLT.

Thus due care and diligence was exercised by the Directors of JIL who made all possible efforts to resolve liquidity problem to protect interest of all stakeholder. The debt restructuring plan which was had already been approved in principle by JLF, would have been approved and implemented if RBI direction dated 15.06.2017 were not received suddenly. The value of assets of JIL is far more than its liabilities and its insolvency was never imminent.

The assumption that the land could have been sold instead of using it for raising loans of JAL and that the same is virtually asset stripping is wrong and denied in as much as, in the commercial wisdom of the management, there was no need to sell the said land at that stage and it was never used to raise loans for JAL, as alleged. JAL had raised its loans against the security of its own assets and the land of JIL was provided only as a collateral security at the instance of the Lenders, most of whom are common in both the companies. JAL being the holding company of JIL, had been extending help to JIL in various ways. Hence creation of impugned mortgages was not unusual but merely reciprocal which cannot be termed as 'without consideration'. Providing of such collateral security to the Lenders of third party/associates, is a common business practice. In this case the collaterally mortgaged land continues in the possession and use of JIL. Since the entire transaction was at the behest of the banks in normal course of business and providing collateral security on unencumbered asset at fair market price was acceptable practice therefore as an obedient borrower company has cooperated with the banks.

The Company believes that that no transaction which is permitted under law and has been done in accordance with the legal provisions, that too, transparently and with full disclosures, would amount to carrying on business for a fraudulent purpose.

It is asserted that JAL has raised loans against the security of its own assets and the impugned land was mortgaged only as a collateral security as desired by the Lenders. There is no undervaluation or stripping off of the assets of JIL and no preferential treatment has been given to any creditor of JIL against others. Further, since the impugned transaction was done in accordance with the legal provisions in vogue much before the coming into force of the provisions of IBC and the relevant look back period, that too, transparently and with full disclosures, the same cannot be termed as fraudulent and would not amount to carrying on business for a fraudulent purpose.

Therefore, the Company will go in appeal against the order dated 16.05.2018 of Hon'ble NCLT.