

## JP Power offers to pay back \$200 mn by 2016

David Yong & Anoop Agrawal

**Mumbai:** Jaiprakash Power Ventures Ltd asked noteholders this week not to call a default when its dollar bonds mature on February 13 and promised to pay back the \$200 million by March 2016.

Jaiprakash Power offered to repay \$75 million of its \$200 million of notes in June and the balance by March 2016, a person familiar with the matter said on February 2. The notes can be converted into shares at about Rs 85.8 apiece.

### Jaiprakash Power Venture



The stock dropped 36% last year and is now at Rs 11.60.

"We're in a conversation with bondholders," Jaiprakash Power spokesman Udayan Sharma said. "We'll inform the stock exchanges once we reach a conclusion."

The company plans to issue a notice to bondholders on February 27 and hold a meeting to get their consent on March 6, the person familiar said.

Jaiprakash Power sold the 5% convertible notes in January 2010 at 100 cents on the dollar. They rose 1% to 85 Thursday and traded as high as 93 last month, prices indicated by SC Lowy Financial HK Ltd show.

Regulatory holdups and tariff

issues have hurt Jaiprakash Power's business, making it harder to raise cash by selling assets. It risks joining the 21 Indian borrowers that have missed payment obligations on about \$1.2 billion of foreign debt since the global financial crisis.

The company has been trying to sell power assets to raise funds. Reliance Power scrapped a deal in September to buy three of hydropower plants while Abu Dhabi National Energy in July withdrew from an agreement to buy two projects.

It agreed in November to sell two hydropower plants to JSW Energy Ltd for Rs 9,700 crore.

Parent Jaiprakash Associates separately proposed selling two cement plants to UltraTech Cement for Rs 5,400 crore.

Jaiprakash Power has reported negative free cash flow every fiscal year since 2010. Slow progress cleaning up India's power industry may mean reforms won't bear fruit until another one or two years, it said in a January 28 exchange filing.

"Jaiprakash expanded into too many businesses within a short period of time," said A K Sridhar, who oversees Rs 6,500 crore as chief investment officer at Mumbai-based India-First Life Insurance Co. "Power projects are rather capital intensive and have long gestation periods." Overseas funding will still remain an option for better quality companies, especially those above \$2 billion in market value, according to Raj Kothari, an emerging market fixed income trader at Sun Global Investments Ltd. —Bloomberg