

MAY 28, 2015

CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF RELIANCE JIO INFOCOMM LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long Term Bank Facilities	40,000 (enhanced from Rs 30,000 cr)	CARE AAA (Triple A)	Reaffirmed
Total Facilities	40,000		

Rating Rationale

The ratings of RJIL continues to factor in the strong and resourceful parentage of the company – Reliance Industries Ltd. (RIL, rated CARE AAA/CARE A1+) holding majority shareholding in RJIL, the importance of the telecom business vertical within the Reliance Group's future growth plans and a well laid out business model of the Company. The ratings also reflect the continued support (financial and strategic) that is expected to be extended by RIL to RJIL in the coming years. Any significant changes in the ownership of RJIL (i.e. decline in RIL's holding from the current 99.16% equity holding) as well as change in group's strategy that could impact RJIL's project implementation and growth plans or undermine its strategic importance are the key rating sensitivities.

Background

Reliance Jio Infocomm Ltd (RJIL) was incorporated in 2007 with the objective of becoming a pan Indian service provider for the broadband market in India. It became a subsidiary of RIL in 2010-11. RIL holds 99.16% equity stake in RJIL. RJIL is setting up a pan India telecom network to provide 4th generation, high speed internet connectivity and various digital services on Pan India basis in key domains such as education, healthcare, security, financial services, government citizen interfaces and entertainment.

RJIL received Unified License for all 22 Service Areas across India and became the first telecom operator in the country to get Pan India Unified License. The Unified License would allow RJIL to offer all telecom services including voice telephony under a single license. With grant of Unified License, RJIL has migrated from its existing ISP license along with Broadband Wireless Access (BWA) spectrum to the Unified License.

As on, March 31 2015, the company has total capital employed of approximately Rs. 52,379 crore funded by equity/promoters fund of Rs.30,125 crore and balance through long term debt. The services are planned to be launched during 2015.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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