

## Reliance Communications Limited

March 09, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	9,322.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	8,034.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>17,356.00</b> <b>(Rs. Seventeen Thousand Three Hundred Fifty-Six Crore Only)</b>		
Non Convertible Debentures	750.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Long Term Instruments</b>	<b>750.00</b> <b>(Rs. Seven Hundred Fifty Crore Only)</b>		
Short Term Instruments	2,880.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Short Term Instruments</b>	<b>2,880.00</b> <b>(Rs. Two Thousand Eight Hundred Eighty Crore Only)</b>		

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Reliance Communications Ltd. to monitor the rating(s) vide e-mail communication/letter dated February 25, 2021 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Reliance Communications Ltd.'s bank facilities and instruments will now be denoted as **CARE D; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

#### Detailed description of the key rating drivers

*At the time of last rating on April 24, 2020, the following were the rating strengths and weaknesses (updated for the information available from stock exchange.)*

#### Key Rating Weaknesses

##### Delay in servicing of debt obligation

RCom had delayed in servicing of its debt obligations due to severe deterioration in the financial and liquidity profile coupled with high debt service obligations.

**Analytical approach:** Considering the strong operational and financial linkage with the subsidiaries, the consolidated financials of RCom are considered for analysis purpose.

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)  
[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Criteria for Short Term Instruments](#)  
[Financial ratios – Non-Financial Sector](#)  
[Rating Methodology - Infrastructure Sector Ratings \(ISR\)](#)

### About the Company

Reliance Communications Limited (R-Com), founded by late Mr Dhirubhai H Ambani, is the flagship company of the Reliance Group (Reliance Group), led by Mr Anil Dhirubhai Ambani. RCom is one of India's integrated telecommunications service providers. The services it provides include GSM (Voice; 2G, 3G, 4G), fixed line broadband and voice, and Direct-To-Home (DTH), depending upon its areas of operation in India. The company had to shut down its business operations as a result of debt and a failed merger with Aircel.

Reliance Communications Limited is under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. With effect from June 28, 2019, its affairs, business and assets are being managed by, and the powers of the board of directors are vested in, the Resolution Professional, Mr. Anish Niranjana Nanavaty, appointed by Hon'ble National Company Law Tribunal, Mumbai Bench, vide order dated June 21, 2019, which was published on the website of the Hon'ble National Company Law Tribunal, Mumbai Bench on June 28, 2019.

On March 04, 2020, the committee of creditors of R-Com has, by way of voting share of 100% of the committee of creditors, approved their solution plan submitted by UV Asset Reconstruction Company Limited (UVARCL). According to the plan approved by lenders RCom and its subsidiary Reliance Telecom Infrastructure Ltd (RTIL), will go to UVARCL whereas the tower company Reliance Infratel will go to Reliance Jio for a total consideration of around Rs. 23,000 Crore (out of total consideration Reliance Jio will pay Rs. 4700 crore).

On September 18, 2020, the Competition Commission of India approved UVARCL's acquisition of the entire existing business operations and assets of R-Com and Reliance Telecom Limited.

Brief Financials (Rs. crore)- (Consolidated)	FY19 (A)	FY20 (A)
Total operating income	4,017	1,692
PBILDT	383	-210
PAT	-867	-10,808
Overall gearing (times)	-ve	-ve
Interest coverage (times)	1.99	NM

A: Audited; -ve: Negative; NM: Not Meaningful

CARE has adjusted financials of RInfra for analytical purpose

**Status of non-cooperation with previous CRA:** ICRA D; Issuer not cooperating; based on best available information vide press release dated August 13, 2020.

**Any other information:** - Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2020	9322.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	8034.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE330H07064	February 07, 2012	11.25%	February 07, 2019	750.00	CARE D; ISSUER NOT COOPERATING*
Short Term Instruments-CP/STD		-	-	-	2880.00	CARE D; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	9322.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D; ISSUER NOT COOPERATING* (24-Apr-20)	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE BB (CWD) (22-May-17)
2.	Short Term Instruments-CP/STD	ST	2880.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D; ISSUER NOT COOPERATING* (24-Apr-20)	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE A4 (CWD) (22-May-17)
3.	Debentures-Non Convertible Debentures	LT	750.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D; ISSUER NOT COOPERATING* (24-Apr-20)	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE BB (CWD) (22-May-17)
4.	Non-fund-based - ST-BG/LC	ST	8034.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D; ISSUER NOT COOPERATING* (24-Apr-20)	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE A4 (CWD) (22-May-17)

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-BG/LC	Simple
4.	Short Term Instruments-CP/STD	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**