

Reliance Communications Limited (Revised)

February 27, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	9,322.00	CARE 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*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-Convertible Debentures	750.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short-Term Instruments	2,880.00	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated November 28, 2018, placed the ratings of Reliance Communications Limited (RComm) under the 'issuer non-cooperating' category as RComm had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. RComm continues to be non-cooperative despite repeated requests through e-mails, phone calls and a letter dated February 22, 2023, and has not provided the requisite information for monitoring the ratings. In the absence of minimum information required for the purpose of rating, CARE Ratings is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings for the bank facilities and instruments of Rcomm are denoted as '**CARE D; ISSUER NOT COOPERATING**'.

RComm has been undergoing corporate insolvency resolution process (CIRP) and a resolution plan for the company is sub-judice before the National Company Law Tribunal, Mumbai Bench (NCLT). As articulated by the company officials, RComm is not in a position to provide additional information as the resolution process is under way before the NCLT.

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

Rating sensitivities: Not Applicable

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

Detailed description of the key rating drivers

At the time of last rating on February 28, 2022, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Delay in servicing of debt obligation

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

Liquidity: Poor

The liquidity position of the company is under stress due to weak cash accruals vis-à-vis large debt obligations.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non-financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

[Policy On Curing Period](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Mobile Service Provider](#)

About the company and industry

Industry Classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Telecommunication	Telecommunication	Telecom - Services	Telecom - Cellular & Fixed line services

Founded by late Mr Dhirubhai H. Ambani, RComm is the flagship company of Reliance Group, led by Mr Anil Dhirubhai Ambani. RComm 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 its high debt burden and a failed merger with Aircel. RComm is currently under corporate insolvency resolution process (CIRP) 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 the Hon'ble NCLT, Mumbai Bench, vide order dated June 21, 2019. On March 04, 2020, the committee of creditors of RComm, by way of voting share of 100% of the committee of creditors, approved the resolution plan submitted by UV Asset Reconstruction Company Limited (UVARCL). According to the plan approved by lenders, RComm and its subsidiary Reliance Telecom Limited (RTL), 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 the total consideration, Reliance Jio will pay Rs.4,700 crore).

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

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	760.00	556.00	368.00
PBILDT	-17.00	-62.00	-50.00
PAT	-211.00	-231.00	-280.00
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Unaudited; NM: Not meaningful

Note: Financials adjusted as per CARE Ratings Ltd.'s internal standards.

Status of non-cooperation with previous CRA: ICRA D; Issuer not cooperating; based on best available information vide press release dated August 10, 2022.

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	NA	9322.00	CARE D; INC*
NCD	INE330H07064	07-02-2012	11.25	07-02-2019	750.00	CARE D; INC*
Non-fund-based - ST-BG/LC	-	-	-	-	8034.00	CARE D; INC*
Short Term Instruments-CP/STD	-	NA	NA	NA	2880.00	CARE D; INC*

INC: ISSUER NOT COOPERATING; NA: Not available

* Issuer did not cooperate; Based on best available information

Annexure-2: Rating history for the last three years

Sr No	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	9322.00	CARE D; INC*	-	1) CARE D; INC* (28-Feb-22)	1) CARE D; INC* (09-Mar-21) 2) CARE D; INC* (24-Apr-20)	-
2	Short Term Instruments-CP/STD	ST	2880.00	CARE D; INC*	-	1) CARE D; INC* (28-Feb-22)	1) CARE D; INC* (09-Mar-21) 2) CARE D; INC* (24-Apr-20)	-
3	Debentures-Non-Convertible Debentures	LT	750.00	CARE D; INC*	-	1) CARE D; INC* (28-Feb-22)	1) CARE D; INC* (09-Mar-21) 2) CARE D; INC* (24-Apr-20)	-
4	Non-fund-based - ST-BG/LC	ST	8034.00	CARE D; INC*	-	1) CARE D; INC* (28-Feb-22)	1) CARE D; INC* (09-Mar-21) 2) CARE D; INC* (24-Apr-20)	-

LT / ST: Long Term / Short Term; INC: ISSUER NOT COOPERATING

* Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities

Name of the Instrument	Detailed explanation
A. Financial covenants	NA
B. Non-financial covenants	NA

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of 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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us**Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: mradul.mishra@careedge.in**Analyst contact**

Name: Prasanna Krishnan Lakshmi Kumar

Phone: +91-11-45333236

E-mail: prasanna.krishnan@careedge.in**Relationship contact**

Name: Saikat Roy

Phone: +91-22-67543404

E-mail: saikat.roy@careedge.in**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**