

Reliance Communications Limited

February 28, 2022

Ratings

Facilities/Instruments [@]	Amount (Rs. crore)	Rating ¹	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
Total Bank Facilities	17,356.00 (Rs. Seventeen Thousand Three Hundred Fifty-Six Crore Only)		
Non-Convertible Debentures	750.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Long-term Instruments	750.00 (Rs. Seven Hundred Fifty Crore Only)		
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
Total Short-term Instruments	2,880.00 (Rs. Two Thousand Eight Hundred Eighty Crore Only)		

[@] Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated November 28, 2018, placed the ratings of Reliance Communications Limited (RCom) under the 'issuer non-cooperating' category as RCom had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. RCom continues to be non-cooperative despite repeated requests through e-mails, phone calls and a letter/ email dated February 02, 2022, and 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 Ratings Ltd. has reviewed the rating on the basis of best available information which, however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings for the bank facilities and instruments of Rcom are denoted as '**CARE D; ISSUER NOT COOPERATING**'.

RCom 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, RCom 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).

Detailed description of the key rating drivers

At the time of last rating on March 09, 2021, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Delay in servicing of debt obligation

RCom 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.

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

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](#)

[Policy on default recognition](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

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

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

[Policy on Curing Period](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Mobile Service Provider](#)

[Infrastructure Sector Ratings](#)

About the Company

Founded by late Mr Dhirubhai H. Ambani, RCom is the flagship company of 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 its high debt burden and a failed merger with Aircel. RCom 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 RCom, 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, RCom 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 RCom and Reliance Telecom Limited.

Brief Financials (Consolidated) (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22
Total operating income	1,692.00	770.00	451.00
PBILDT	-210.00	-7.00	-12.00
PAT	-1,0807.00	-211.00	-169.00
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; 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 12, 2021.

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 for this company: Annexure-4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	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%	Feb 07, 2019	750.00	CARE D; ISSUER NOT COOPERATING*
Short Term Instruments-CP/STD	-	-	-	7 to 364 days	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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	9,322.00	CARE D; INC*	-	1)CARE D; INC* (09-Mar-21) 2)CARE D; INC* (24-Apr-20)	-	1)CARE D; INC* (28-Nov-18)
2	Short Term Instruments-CP/STD	ST	2,880.00	CARE D; INC*	-	1)CARE D; INC* (09-Mar-21) 2)CARE D; INC* (24-Apr-20)	-	1)CARE D; INC* (28-Nov-18)
3	Debentures-Non-Convertible Debentures	LT	750.00	CARE D; INC*	-	1)CARE D; INC* (09-Mar-21) 2)CARE D; INC* (24-Apr-20)	-	1)CARE D; INC* (28-Nov-18)
4	Non-fund-based - ST-BG/LC	ST	8,034.00	CARE D; INC*	-	1)CARE D; INC* (09-Mar-21) 2)CARE D; INC* (24-Apr-20)	-	1)CARE D; INC* (28-Nov-18)

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

* Issuer did not cooperate; Based on best available information

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

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

Annexure 4: Complexity level of various instruments rated for this company

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: Bank Lender Details for this Company

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

Note on complexity levels of the rated instrument: CARE Ratings Ltd. 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
Contact no.: +91-22-6754 3573
Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Harish Kumar Chellani
Contact no.: +91-22-6837 4400
Email ID: harish.chellani@careedge.in

Relationship Contact

Name: Saikat Roy
Contact no.: +91-98209 98779
Email ID: saikat.roy@careedge.in

About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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