

Reliance Communications Limited

April 24, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	9,322	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information.
Short term Non –Fund based facilities	8,034	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information.
Total Bank Facilities	17,356 (Rs. Seventeen Thousand Three Hundred and Fifty Six crores only)		
Long term instruments (NCD)	750	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information.
Short term debt issue	2,880	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information.

Details of instrument in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated November 28, 2018, placed the rating(s) of Reliance Communications Ltd. (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 for submission of information through e-mails, phone calls and a letter/email dated March 03, 2020 and March 05, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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 November 28, 2018, 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](#)

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

*Issuer did not cooperate; Based on best available information

[Financial ratios – Non-Financial Sector](#)
[Rating Methodology - Infrastructure Sector Ratings \(ISR\)](#)

About the Company

Reliance Communications Limited (RCom), 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. RCom has been admitted to NCLT. RCom has been under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. On March 04, 2020, the committee of creditors of RCom has, by way of voting share of 100% of the committee of creditors, approved the resolution plan submitted by UV Asset Reconstruction Company Limited. According to the plan approved by lenders of RCom and its subsidiary Reliance Telecom Infrastructure Ltd (RTIL), will go to UVARC whereas the tower company Reliance Infratel will go to Reliance Jio Infocomm Limited for a total consideration of around Rs. 23,000 crore (out of total consideration Reliance Jio will pay Rs. 4,700 crore).

Brief Financials (Rs. crore)- (Consolidated)	FY18 (A)	FY19 (A)
Total operating income	4610	4017
PBILDT	1061	383
PAT	-19	-867
Overall gearing (times)	-ve	-ve
Interest coverage (times)	5.70	1.99

A: Audited; -ve: Negative

Status of non-cooperation with previous CRA: ICRA D; Issuer not cooperating; based on best available information vide press release dated July 30, 2019.

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		-	-	-	9322.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC		-	-	-	8034.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	INE330H07064	February 07, 2012	11.25%	February 07, 2019	750.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Short Term Instruments-CP/STD		-	-	-	2880.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*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* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE BB (Under Credit watch with Developing Implications) (22-May-17)
2.	Short Term Instruments-CP/STD	ST	2880.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE A4 (Under Credit watch with Developing Implications) (22-May-17)
3.	Debentures-Non Convertible Debentures	LT	750.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE BB (Under Credit watch with Developing Implications) (22-May-17)
4.	Non-fund-based - ST-BG/LC	ST	8034.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (28-Nov-18)	1)CARE D (30-May-17) 2)CARE A4 (Under Credit watch with Developing Implications) (22-May-17)

*Issuer did not cooperate; Based on best available information

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Group Head Name - Mr. Ratnam Raju Nakka

Group Head Contact no.- 022 6837 4472

Group Head Email ID- ratnam.nakka@careratings.com

Relationship Contact

Mr. Saikat Roy

Contact no. : +91-22- 68754 3404

Email ID: saikat.roy@careratings.com

About CARE Ratings:

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.

Disclaimer

CARE's 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. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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**