

Reliance Communications Limited

November 28, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
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 instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Reliance Communications Limited (RCom) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on RCom's bank facilities/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).

The ratings take into account ongoing delays in servicing of its debt obligation to banks.

Detailed description of the key rating drivers

At the time of the last rating on May 30, 2017 the following were the rating strengths and weakness

Key Rating Weakness

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 Recognit](#)

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. Currently, RCom has been admitted to NCLT.

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

Following are the brief financials of RCom (consolidated):

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	6,581	4610.00
PBILDT	1,670	1061.00
PAT (After def Tax) Before Discontinuing Operations	244.00	-19.00
Overall gearing (times)	1.93	Negative
PBILDT Interest coverage (times)	6.57	5.70

A: Audited; The financials are reclassified a per CARE standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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.

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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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	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* 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	February 07, 2012	11.25%	Feb 7, 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

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
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 (30-May-17) 2)CARE BB (Under Credit watch with Developing Implications) (22-May-17)	1)CARE A- (Under Credit Watch) (07-Oct-16)	1)CARE A- (09-Feb-16)
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 (30-May-17) 2)CARE A4 (Under Credit watch with Developing Implications) (22-May-17)	1)CARE A2+ (Under Credit Watch) (07-Oct-16)	1)CARE A2+ (09-Feb-16)
3.	Debentures-Non Convertible Debentures	LT	750.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (30-May-17) 2)CARE BB (Under Credit watch with Developing Implications) (22-May-17)	1)CARE A- (Under Credit Watch) (07-Oct-16)	1)CARE A- (09-Feb-16)
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 (30-May-17) 2)CARE A4 (Under Credit watch with Developing Implications) (22-May-17)	1)CARE A2+ (Under Credit Watch) (07-Oct-16)	1)CARE A2+ (09-Feb-16)

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