

Reliance Communications Limited

January 05, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Non-convertible Debenture (NCD) Programme	5,000.00	[ICRA]D
Long-term Fund-based/Non-fund Based Limits (including unallocated)	28,116.00	[ICRA]D
Short-term Fund-based/Non-fund Based Limits (including unallocated)	7,314.00	[ICRA]D
Commercial Paper (CP) Programme	2,000.00	[ICRA]D
Total	42,430.00	

ICRA has taken a consolidated view of the RCom Group (referred to as “the Group”) including Reliance Communications Limited (RCom), Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL).

Material Event

The Group has announced that it has signed definitive binding agreements with Reliance Jio Infocomm Limited (RJIL) for sale of wireless spectrum, tower, fiber and media convergence node (MCN) assets. The assets being sold include a) 122.4 MHz of 4G Spectrum in the 800/900/1800/2100 MHz bands, b) Over 43,000 towers , c) around 1,78,000 route KMs of fiber with pan India footprint and d) 248 MCNs, covering ~5 Million sqft used for hosting telecom infrastructure. The deal consideration comprises primarily cash payment and includes transfer of deferred spectrum installments payable to the Department of Telecommunication (DoT). The Group plans to utilise the proceeds solely for pre-payment of debt to its lenders.

Further the Group is exploring other deleveraging initiatives including monetization of real estate and infusion of fresh capital by a strategic partner into its residual operations.

Impact of the Material Event

The rating remains unchanged at the earlier rating of [ICRA]D as the rating continues to take into consideration the delays in debt servicing by the Group given its weak internal cash flow generation amid sizeable debt servicing obligations. The deal, when concluded, will result in material debt reduction of the Group and alter the operational and financial profile of the Group.

The previous detailed rating rationale is available on the following link: [Click here](#)

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