

## Aircel Cellular Limited

Instrument	Amount	Rating
	In Crore	September 2016
Fund based/Non-fund based Limits	17,479*	[ICRA]BBB+&

& - Under rating watch with developing implications

\*These limits are consolidated for Aircel Group; interchangeable among Aircel Limited, Aircel Cellular Limited, Dishnet Wireless Limited and Aircel Smart Money Limited

ICRA has outstanding long-term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) for the Rs. 17,479 crore<sup>†</sup> bank lines of Aircel Cellular Limited (Aircel)<sup>1</sup>. The long term rating is under watch with developing implications.

The “[ICRA]BBB+&” rating takes a consolidated view on the credit risk profiles of Aircel Limited and its wholly-owned subsidiaries Aircel Cellular Limited, Dishnet Wireless Limited and Aircel Smart Money Limited. The four entities are together referred to as Aircel.

ICRA has taken note of the recent announcement of signing of definitive documents for the merger of Indian wireless business of Reliance Communications Limited (RCom) with that of Aircel.

As per the deal, RCom and Maxis Communications Berhad (MCB), the promoters of Aircel, will hold 50% each in the merged entity, with equal representation on board. Both entities will transfer Rs. 14,000 crore each of bank debt to the merged entity taking the total bank debt in the new entity to Rs. 28,000 crore in addition to deferred spectrum liabilities payable to Department of Telecommunications (DoT) at completion. The deal is aimed at deriving benefits of consolidation, including opex and capex synergies and revenue enhancement. The merged entity would have sizeable spectrum holding across bands.

ICRA has also noted that the company plans to repay its remaining debt (net of debt to be maintained in the merged entity) of around Rs. 4,000 crore by close of the transaction.

Thus far, the company had been under a lender’s business plan with defined financial milestones and term loan repayment to start from March 2018. The company had received consistent promoter support including in the form of equity and redeemable preference shares. However, the impact of this transaction on the credit profile of the company remains to be evaluated, pending greater details and completion of the merger process, which would require shareholders, regulatory approvals and lenders’ consent, amongst others. ICRA will closely monitor the developments with respect to the announced deal and its efforts to improve its operational performance and will take rating action accordingly.

### Company Profile

Aircel Limited, along with its 100% subsidiaries Aircel Cellular Limited and Dishnet Wireless Limited, is a telecom service provider with a pan India presence. Aircel Limited (Aircel) was incorporated in December 1994 as Srinivas Cellcom Limited and was part of the Chennai based Siva Group of companies. The company started by offering services in the Tamil Nadu circle in April 1999 and has over the years won licences and launched services in all the 22 telecom circles in the country. Later in 2006, Maxis Communications Berhad, Malaysia (Maxis), through its investment holding companies, acquired majority stake in the company. Maxis Communications Berhad, a Malaysian telecom company, holds the majority stake (74%) in Aircel with the remaining 26% held by family members of Mrs. Suneeta Reddy of India. Maxis Communications Berhad also has a substantial shareholding in Maxis Berhad, the leading telecommunication operator in Malaysia.

<sup>†</sup> 100 lakh = 1 crore = 10 million

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA’s website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



Aircel offers GSM based 2G services in all the 22 telecom circles (out of which services in 13 circles were launched post 2008.) and has recently introduced 3G services. As of June 2016, the company's subscriber base stood at 88.9 million with a subscriber market share of 8.6%.

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