

Reliance Commercial Finance Limited
 September 24, 2019

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Rating Action
Non-Convertible Debentures	2,300	CARE D (Single D)	Revised from CARE C; Stable (Single C; Outlook: Stable)
Subordinated Debt	500	CARE D (Single D)	Revised from CARE C; Stable (Single C; Outlook: Stable)
Market Linked Debentures	200	CARE PP-MLD D (PP-MLD Single D)	Revised from CARE PP-MLD C; Stable (PP-MLD Single C; Outlook: Stable)
Proposed Non-Convertible Debentures	1,000	CARE D (Single D)	Revised from CARE C; Stable (Single C; Outlook: Stable)
Long term debt Programme	1,000	CARE D (Single D)	Revised from CARE C; Stable (Single C; Outlook: Stable)
Total Facilities	5,000 (Rupees Five Thousand Crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers of RCFL

The rating revision takes into account the recent instance of delay in servicing of interest payment on one of the non-convertible debentures by the company. The company has informed on the stock exchanges that the lenders of the company have entered into an Inter-Creditor Agreement (ICA) for arriving at a debt resolution plan in accordance with the RBI guidelines. The Company has been directed by the lenders led by the lead banker not to service any debt obligation pending clarity from the all lenders under ICA. The liquidity profile of the group continues to be under stress on account of delay in raising funds from the asset monetization plan and impending debt payments.

Detailed description of the key rating drivers RCFL**Key Rating Weaknesses****Delay in servicing of debt obligations**

RCFL's Non-Convertible Debentures (NCDs) were due for interest payment on September 20, 2019. The Debenture Trustee for this NCD issued by RCFL has informed CARE (via its email dated September 23, 2019) that RCFL has defaulted on the payment of the interest. RCFL has informed the stock exchanges that its lenders have entered into an Inter-Creditor Agreement (ICA) for arriving at a debt resolution plan in accordance with the RBI guidelines.

Further, CARE has already downgraded its ratings of RCFL's Bank Facilities and other NCDs to 'CARE D'.

Liquidity profile

As per the ALM statement as on February 28, 2019, there are no negative cumulative mismatches till 1 year time bucket. Cash and Bank balance stood at Rs.121 crore as on March 18, 2019 and cash credit facility stands fully utilized. However the company has not shared more current estimates for the month of April 2019 as against the earlier estimates.

Analytical approach: CARE had earlier factored in linkages between RCFL and its parent RCL. Moderation in RCL's profile has led to weakening of these linkages as the parent is not in a position to extend adequate support to its subsidiaries. Hence RCFL has been analyzed on standalone basis with weakening of linkages with Parent RCL.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Factoring linkages in ratings](#)

[Financial ratios – Financial sector](#)

[Non-Banking Finance Companies](#)

About the Company

The commercial finance business of RCL has been demerged into its wholly owned subsidiary viz. RCFL w.e.f. April 1, 2016. RCFL is involved in financing of SME loans, structured finance, construction equipment loans, loan against property, MFI

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

loans, infrastructure finance, construction finance, commercial vehicles and supply chain finance. The company operates under the brand name 'Reliance Money'. The company's AUM stood at Rs.16475 crore (including securitized portfolio of Rs.2801 crore) as on March 31, 2018. The company's portfolio is spread across 16 states.

Brief Financials (Rs. crore)	FY17 (A)	FY18(A)
Total income	1953	2134
PAT	295	208
Overall Gearing(times)	5.34	4.98
Total Assets	13601	15745
Gross NPA (%)	4.92	3.10
ROTA (%)	2.26	1.42

A: Audited; All analytical ratios are based on CARE's calculations.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

ISIN	Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Rating assigned along with Rating Outlook
INE126D07016	Non-Convertible Debentures	15-May-17	8.66%	14-May-27	25	CARE D
INE126D07024	Non-Convertible Debentures	16-May-17	8.52%	16-May-24	10	CARE D
INE126D07032	Non-Convertible Debentures	18-May-17	8.52%	17-May-24	6	CARE D
INE126D07040	Non-Convertible Debentures	23-May-17	8.66%	21-May-27	10	CARE D
INE126D07057	Non-Convertible Debentures	21-Aug-17	8.52%	21-Aug-24	38	CARE D
INE126D07065	Non-Convertible Debentures	13-Oct-17	9.03%	13-Oct-22	400	CARE D
INE126D07073	Non-Convertible Debentures	13-Oct-17	9.23%	13-Oct-27	500	CARE D
-	Non-Convertible Debentures (Proposed)	-	-	-	1,311	CARE D
INE126D08014	Subordinate Debt	15-Sep-17	8.69%	20-Sep-27	20	CARE D
INE126D08022	Subordinate Debt	04-Oct-17	8.69%	06-Oct-27	2	CARE D
INE126D08022	Subordinate Debt	06-Oct-17	8.69%	06-Oct-27	2	CARE D
INE126D08022	Subordinate Debt	06-Oct-17	8.69%	06-Oct-27	8	CARE D
INE126D08030	Subordinate Debt	08-Nov-17	8.70%	31-Jul-25	5	CARE D
INE126D08048	Subordinate Debt	08-Nov-17	9.07%	08-Nov-27	6	CARE D
INE126D08055	Subordinate Debt	18-Jan-18	9.40%	19-Jan-28	17	CARE D
INE126D08055	Subordinate Debt	18-Jan-18	9.40%	19-Jan-28	10	CARE D

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INE126D0805 5	Subordinate Debt	18-Jan-18	9.40%	19-Jan-28	4	CARE D
INE126D0805 5	Subordinate Debt	18-Jan-18	9.40%	19-Jan-28	2	CARE D
INE126D0806 3	Subordinate Debt	02-Feb-18	9.40%	02-Feb-28	3	CARE D
INE126D0806 3	Subordinate Debt	02-Feb-18	9.40%	02-Feb-28	2	CARE D
-	Subordinate Debt (Proposed)	-	-	-	419	CARE D
INE126D0714 9	MLD	23-Jul-18	Market Linked	23-Oct-20	6	CARE PP-MLD D
INE126D0715 6	MLD	30-Jul-18	Market Linked	02-Dec-19	6	CARE PP-MLD D
INE126D0715 6	MLD	16-Aug-18	Market Linked	02-Dec-19	2.8	CARE PP-MLD D
INE126D0714 9	MLD	29-Aug-18	Market Linked	23-Oct-20	5.9	CARE PP-MLD D
INE126D0716 4	MLD	30-Aug-18	Market Linked	28-Feb-22	9.32	CARE PP-MLD D
INE126D0715 6	MLD	07-Sep-18	Market Linked	02-Dec-19	7.5	CARE PP-MLD D
-	MLD (Proposed)	-	-	-	162.4 8	CARE PP-MLD D
INE126D0711 5	Long Term debt programme-NCD	15-Mar- 18	9.15%	14-Jun-19	335	CARE D
INE126D0712 3	Long Term debt programme-NCD	04-Apr-18	9.50%	05-Apr-23	500	CARE D
INE126D0713 1	Long Term debt programme-NCD	25-Apr-18	9.10%	28-Mar- 22	15.2	CARE D
INE126D0713 1	Long Term debt programme-NCD	25-Apr-18	9.10%	28-Mar- 23	15.2	CARE D
INE126D0713 1	Long Term debt programme-NCD	25-Apr-18	9.10%	28-Mar- 24	15.2	CARE D
INE126D0713 1	Long Term debt programme-NCD	25-Apr-18	9.10%	28-Mar- 25	15.2	CARE D
-	Long Term debt programme (Proposed)	-	-	-	104.2	CARE D
-	Long Term debt programme (Proposed)	-	-	-	1,000	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	12500.00	CARE D	1) CARE D (26-Apr-19) 2) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit watch with Developing Implications) (08-Oct-18)	1)CARE AA+ (Under Credit watch with Developing Implications) (26-Dec-17) 2)CARE AA+ (Under Credit watch with Developing Implications) (14-Jul-17) 3)CARE AA+; Stable (14-Apr-17)	1)CARE AA+; Stable (24-Mar-17)
2.	Debentures-Market Linked Debentures	LT	200.00	CARE PP-MLD D	1) CARE PP-MLD C; Stable (26-Apr-19) 2) CARE PP-MLD BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE PP-MLD A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE PP-MLD AA (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE PP-MLD AA (Under Credit watch with Developing Implications) (08-Oct-18)	1)CARE PP MLD AA+ (Under Credit watch with Developing Implications) (26-Dec-17) 2)CARE PP MLD AA+ (Under Credit watch with Developing Implications) (14-Jul-17) 3)CARE PP-MLD AA+; Stable (14-Apr-17)	-
3.	Bonds-Tier II Bonds	LT	500.00	CARE D	1) CARE C; Stable (26- Apr-19) 2) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit	1)CARE AA+ (Under Credit watch with Developing Implications) (26-Dec-17) 2)CARE AA+ (Under Credit watch with Developing Implications) (14-Jul-17) 3)CARE AA+; Stable	-

						watch with Developing Implications) (08-Oct-18)	(14-Apr-17)	
4.	Debentures-Non Convertible Debentures	LT	2300.00	CARE D	1) CARE C; Stable (26- Apr-19) 2) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit watch with Developing Implications) (08-Oct-18)	1)CARE AA+ (Under Credit watch with Developing Implications) (26-Dec-17) 2)CARE AA+ (Under Credit watch with Developing Implications) (20-Nov-17) 3)CARE AA+ (Under Credit watch with Developing Implications) (14-Jul-17) 4)CARE AA+; Stable (14-Apr-17)	-
5.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1) CARE D (26- Apr-19) 1) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit watch with Developing Implications) (08-Oct-18)	1)CARE AA+ (Under Credit watch with Developing Implications) (26-Dec-17) 2)CARE AA+ (Under Credit watch with Developing Implications) (20-Nov-17) 3)CARE AA+ (Under Credit watch with Developing Implications) (14-Jul-17) 4)CARE AA+; Stable (14-Apr-17)	-
6.	Debt	LT	1000.00	CARE D	1) CARE C; Stable (26- Apr-19) 2) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (Under Credit watch with	1)CARE AA+ (Under Credit watch with Developing Implications) (18-Jan-18)	-

						Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit watch with Developing Implications) (08-Oct-18)		
7.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE C; Stable (26- Apr-19) 2) CARE BBB+ (Under Credit watch with Developing Implications) (18-Apr-19)	1)CARE A+ (Under Credit watch with Developing Implications) (13-Nov-18) 3)CARE AA (Under Credit watch with Developing Implications) (08-Oct-18) 4)CARE AA+ (Under Credit watch with Developing Implications) (02-May-18)	-	-
8.	Debentures-Non Convertible Debentures	LT	200.00	CARE D	1) CARE D (17-Sep-19) 2) CARE BBB-(CE) (Under Credit watch with Developing Implications) (04-Sep-19) 3) CARE BB (CE); Stable (03-Sep-19) 4) CARE BBB (CE) (Under Credit watch with negative Implications) (15-Jul-19) 5) CARE BBB (SO) (Under Credit watch with Developing Implications)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (06-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (13-Nov-18)	-	-

					(22-May-19) 6) CARE A (SO) (Under Credit watch with Developing Implications) (18-Apr-19)			
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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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