



## RATING RATIONALE

18 Sept 2019

### Reliance Commercial Finance Limited

**Brickwork Ratings downgrades the ratings for various debt instruments of Reliance Commercial Finance Limited and removes the ratings from Credit Watch with Negative Implications. Brickwork Ratings also reduces the rated amount at the request of the company.**

#### Particulars:

Instrument**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (April 2019)	Present
Secured NCDs	2000.00	2000.00	Long Term	BWR C Credit Watch with Negative Implications	BWR D 'Downgraded and removed from Credit Watch with Negative Implications'
Subordinated Debt	500.00	100.00	Long Term	BWR C Credit Watch with Negative Implications	BWR D 'Downgraded and removed from Credit Watch with Negative Implications'
Market Linked Debentures (PP-MLD)	100.00	50.00	Long Term	BWR PP MLD C Credit Watch with Negative Implications	BWR PP MLD D 'Downgraded and removed from Credit Watch with Negative Implications'
Commercial Paper	3000.00	700.00	Short Term	BWR A4	BWR D 'Downgraded'
<b>Total</b>	<b>5600.00</b>	<b>2850.00 #</b>	<b>INR Two Thousand Eight Hundred Fifty Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* ISIN-wise Details of NCD/PP MLD/Commercial Paper is provided in Annexure-I

# Brickwork Ratings has reduced the rated amount and withdrawn the rating for unutilised portion of debt instruments, at the request of the company



## **RATING ACTION / OUTLOOK**

The rating of Reliance Commercial Finance Limited (RCFL) is downgraded on account of default in timely repayment of Commercial Paper of Rs 640 Crs (ISIN- INE126D14384) which was due on 16 Sep 2019. The company has further informed that the lending banks of RCFL have entered into an Inter-Creditor Agreement (ICA) to arrive at a debt resolution plan in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets.

## **KEY RATING DRIVERS**

### **Credit Risks**

**Default in servicing of repayment obligations:** The company has defaulted in timely repayment of Commercial Paper of Rs 640 Crs which was due on 16 Sep 2019. The company has informed us on 17 Sep 2019 that the lending banks of RCFL have entered into an Inter-Creditor Agreement (ICA) to arrive at a debt resolution plan in accordance with the circular dated June 7, 2019 issued by the Reserve Bank of India on Prudential Framework for Resolution of Stressed Assets.

## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has evaluated the risk profile of RCFL on a standalone basis. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

**Positive:** The rating may be upgraded if the company is able to raise funds from diversified sources, timely service the repayment obligations, build-up liquidity, restart fresh disbursements, maintain asset quality, profitability and healthy capitalisation.

## **LIQUIDITY POSITION: POOR**

The company's financial flexibility has deteriorated significantly and the company is unable to raise funds through diversified resources and timely service its repayment obligations. The company's lending banks have entered into an ICA to arrive at a debt resolution plan.



## COMPANY PROFILE

Reliance Commercial Finance Limited (RCFL) is a wholly owned subsidiary of Reliance Capital Limited (Rcap). RCFL, formerly known as Reliance Gilts Ltd was incorporated on 17 Aug 2000 & subsequently in May 2009 was registered with RBI as NBFC without accepting public deposits. The commercial finance business of Rcap has been demerged into its wholly owned subsidiary viz. RCFL w.e.f. April 1, 2016. RCFL is a public limited company and is engaged in lending activities and offers a wide range of products which include SME Loans, Microfinance, Loans Against Property (LAP), Infrastructure Finance, Agriculture Loans, Supply Chain Finance, Two-wheeler Financing and Used Car Loans. The company has a wide distribution network with presence in approx. 150 cities with over 1000 distribution points across the country. The company's total AUM stood at Rs 17257 Crs as on Dec 31, 2018. The loan portfolio stood at Rs 15527 Crs as on Dec 31, 2018.

## KEY FINANCIAL INDICATORS

Key Financial Indicators (As per Ind AS)	Unit	FY18 Audited	FY19 Audited
Total Income from Operations	(in ₹ Cr)	2010.33	1780.86
Total Income (Net of interest expenses)	(in ₹ Cr)	831.71	561.62
Net Profit / loss	(in ₹ Cr)	168.96	(1893.41)
Net Worth	(in ₹ Cr)	2355.31	805.84
Gearing	Times	5.30	12.86
Total Assets	(in ₹ Cr)	15446.40	13504.32

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**

## RATING HISTORY

Instrument	Current Rating (Sep 2019)		Rating History					
	Tenure	Amount (Rs Crs)	Rating	29 April 19	19 April 19	15 Feb 19	31 Mar 18, 14 May 18 28 Sep 18	8 May 17, 26 Oct 17
Secured PP-MLD	Long Term	50.00 (Reduced from 100.00)	BWR PP MLD D	BWR PP MLD C Credit Watch with Negative Implications	BWR PP MLD A+ Credit Watch with Negative Implications	BWR PP MLD AA (Outlook-Stable)	BWR PP MLD AA+ (Outlook-Stable) (assigned on 28 Sep 18)	NA
Enhanced NCD	Long Term	500	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA (Outlook-Stable)	BWR AA+ (Outlook-Stable) (assigned on 14 May 18)	NA
Enhanced NCD	Long Term	500	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA (Outlook-Stable)	BWR AA+ (Outlook-Stable) (assigned on 31 Mar 18)	NA
Commercial Paper	Short Term	700 (Reduced from 3000)	BWR D	BWR A4	BWR A1+	BWR A1+	BWR A1+	BWR A1+ (assigned on 26 Oct 17)
Secured NCD	Long Term	1000	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA (Outlook-Stable)	BWR AA+ (Outlook-Stable)	BWR AA+ (Outlook-Stable) (assigned on 8 May 17)
Subordinate Debt	Long Term	100 (Reduced from 500)	BWR D	BWR C Credit Watch with Negative Implications	BWR A+ Credit Watch with Negative Implications	BWR AA (Outlook-Stable)	BWR AA+ (Outlook-Stable)	BWR AA+ (Outlook-Stable) (assigned on 8 May 17)
<b>Total</b>		<b>2850 #</b>	<b>INR Two Thousand Eight Hundred Fifty Crores Only</b>					

# Brickwork Ratings has reduced the rated amount and withdrawn the rating for unutilised portion of debt instruments, at the request of the company.

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Commercial Paper](#)
- [Default Recognition and Default Curing Period](#)

Analytical Contacts	Investor and Media Relations
<p><b>Nirav Shah</b> <i>Senior Analyst - Ratings</i> +91 22 6745 6623 <a href="mailto:Nirav.s@brickworkratings.com">Nirav.s@brickworkratings.com</a></p> <p><b>Rajat Bahl</b> <i>Chief Analytical Officer &amp; Head - Financial Institutions</i> +91 22 6745 6634 <a href="mailto:Rajat.b@brickworkratings.com">Rajat.b@brickworkratings.com</a></p>	<p>M : +91 7738875550 B : +91 22 6745 6666 <a href="mailto:investordesk@brickworkratings.com">investordesk@brickworkratings.com</a></p>

**Reliance Commercial Finance Limited**

**ANNEXURE I**

**ISIN Details of Secured NCDs**

<b>Instrument</b>	<b>ISIN</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Amount o/s as on 30.06.2019 (Rs. in Crs)</b>
Secured NCDs	INE126D07016	15-05-2017	14-05-2027	8.66%	25.00
Secured NCDs	INE126D07024	16-05-2017	16-05-2024	8.52%	10.00
Secured NCDs	INE126D07032	18-05-2017	17-05-2024	8.52%	6.00
Secured NCDs	INE126D07040	23-05-2017	21-05-2027	8.66%	10.00
Secured NCDs	INE126D07057	21-08-2017	21-08-2024	8.52%	38.00
Secured NCDs	INE126D07065	13-10-2017	13-10-2022	9.03%	400.00
Secured NCDs	INE126D07073	13-10-2017	13-10-2027	9.23%	500.00
Secured NCDs	INE126D07123	04-04-2018	05-04-2023	9.50%	500.00
Secured NCDs	INE126D07131	25-04-2018	28-03-2022	9.10%	15.20
Secured NCDs	INE126D07131	25-04-2018	28-03-2023	9.10%	15.20
Secured NCDs	INE126D07131	25-04-2018	28-03-2024	9.10%	15.20
Secured NCDs	INE126D07131	25-04-2018	28-03-2025	9.10%	15.20
<b>Total</b>					<b>1549.80</b>

**ISIN Details of Subordinated NCDs**

<b>Instrument</b>	<b>ISIN</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Amount o/s as on 30.06.2019 (Rs. in Crs)</b>
Subordinated NCDs	INE126D08014	15-09-2017	20-09-2027	8.69%	20.00
Subordinated NCDs	INE126D08022	04-10-2017	06-10-2027	8.69%	2.00
Subordinated NCDs	INE126D08022	06-10-2017	06-10-2027	8.69%	2.00
Subordinated NCDs	INE126D08022	06-10-2017	06-10-2027	8.69%	8.00
Subordinated NCDs	INE126D08030	08-11-2017	31-07-2025	8.70%	5.00
Subordinated NCDs	INE126D08048	08-11-2017	08-11-2027	9.07%	6.00
Subordinated NCDs	INE126D08055	18-01-2018	19-01-2028	9.40%	17.00

Subordinated NCDs	INE126D08055	18-01-2018	19-01-2028	9.40%	10.00
Subordinated NCDs	INE126D08055	18-01-2018	19-01-2028	9.40%	4.00
Subordinated NCDs	INE126D08055	18-01-2018	19-01-2028	9.40%	2.00
Subordinated NCDs	INE126D08063	02-02-2018	02-02-2028	9.40%	3.00
Subordinated NCDs	INE126D08063	02-02-2018	02-02-2028	9.40%	2.00
<b>Total</b>					<b>81.00</b>

### ISIN Details of Market Linked Debentures (PP MLD)

Instrument	ISIN	Issue Date	Maturity Date	Amount o/s as on 30.06.2019 (Rs. in Crs)
Market Linked Debentures	INE126D07149	28-09-2018	23-10-2020	13.40
Market Linked Debentures	INE126D07164	01-10-2018	28-02-2022	4.05
Market Linked Debentures	INE126D07156	09-10-2018	02-12-2019	4.00
Market Linked Debentures	INE126D07164	30-10-2018	28-02-2022	2.00
Market Linked Debentures	INE126D07156	06-11-2018	02-12-2019	3.80
<b>Total</b>				<b>27.25</b>

### ISIN Details of Commercial Paper

Instrument	ISIN	Issue Date	Maturity Date	Rate	Amount o/s as on 17.08.2019 (Rs. in Crs)
Commercial Paper	INE126D14384	19-09-2018	16-09-2019 #	10.50%	640.00

# - Overdue

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.



**About Brickwork Ratings :**Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

#### **DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.