

RATING RATIONALE

23 Nov 2023

Reliance Commercial Finance Limited

Brickwork Ratings reaffirms the ratings for various debt instruments of Rs.2850 Cr of Reliance Commercial Finance Limited based on best available information, as the issuer did not cooperate.

Instruments**	Amount (Rs.Crs)		Tenure	Rating#	
	Previous	Present		Previous (04-Oct-2022)	Present
Secured NCDs	2000.00	2000.00	Long Term	BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed	BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed
Subordinated Debt	100.00	100.00		BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed	BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed
Market Linked Debentures (PP-MLDs)	50.00	50.00	Long Term	BWR PP MLD D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed	BWR PP MLD D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed
Commercial Paper	700.00	700.00	Short Term	BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed	BWR D /Continues to be in ISSUER NOT COOPERATING* category /Reaffirmed
Total	2850.00	2850.00	Rupees Two Thousand Eight Hundred Fifty Crores Only		

#Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

* Issuer did not cooperate, based on best available information

Details of NCD/PPMLDs/CP are provided in Annexure-II.

Rs. 1554.25 Crore of the rated amount has been extinguished pursuant to the resolution plan.

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) reaffirms the ratings of various debt instruments of Reliance Commercial Finance Ltd. (“RCFL” or “the Company”) at ‘BWR D /PP MLD D /Continues to be in ISSUER NOT COOPERATING* category’, as tabulated above.

Despite BWR’s best efforts to obtain at least the minimum required information for a rating review, the Company has not provided the same. In the absence of adequate information received from the Company and continued lack of cooperation, BWR is unable to assess the entity’s financial performance and its ability to service its debt and maintain a valid rating.



Based on inadequate information, lack of cooperation and non submission of No Default Statements (NDS) for the past several months, weak financial risk profile, persistent delay in servicing of the debt instruments, BWR reaffirms the rating of the various debt instruments at ‘BWR D /PP MLD D /Continues to be in ISSUER NOT COOPERATING category’ based on the best available information.

Debenture Trustee Vistra ITCL has confirmed repayments to some of the debenture holders as per details provided in Annexure II.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

To arrive at its ratings, BWR has considered the standalone performance of Reliance Commercial Finance Limited. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. The current rating action has been taken on the basis of the limited information on the issuer’s performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as it may not adequately reflect the credit risk profile of the issuer.

UPDATE (as available in the public domain):

RCFL ceased to be a subsidiary of the Reliance Capital Limited (Rcap) w.e.f October 14, 2022. Rcap, pursuant to approval granted by the Committee of Creditors in terms of Regulation 29 of the CIRP Regulation and in pursuance of the implementation of the resolution plan of RCFL in terms of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019, has for a consideration of Rs. 100 lakh, disposed off its holding of Equity shares, 12% Non-Convertible Cumulative Compulsorily Redeemable Preference Shares and Inter Corporate Deposits in its wholly owned subsidiary - RCFL to Authum Investment and Infrastructure Limited (“Authum”) on October 14, 2022. Consequently, RCFL and Gulfoss Enterprises Private Limited a subsidiary of RCFL, have ceased to be subsidiaries of Rcap w.e.f. October 14, 2022.

13,924 NCDs amounting to Rs. 1,392.40 Crores now belong to Authum, holding company, post successful transfer of the same as per the resolution plan. Further, the Company along with Authum is in discussion with the few dissenting NCD holders who have been kept outside the purview of resolution plan in accordance with the Hon’ble Supreme Court order dated August 30, 2022.

COMPANY PROFILE: (As per information available with BWR)

RCFL is a public limited company and is engaged in lending activities. It offers a wide range of products which include SME loans, Microfinance, Loan Against Property (LAP), Infrastructure Finance, Agriculture Loans, Supply chain Finance, Two Wheeler Financing and Used Car loans.

KEY FINANCIAL INDICATORS (As available in the public domain)

Key Financial Indicators	Units	FY 2021-22	FY 2022-23	H1 FY2024
		Audited	Audited	Unaudited
Loan Portfolio (Outstanding)	Rs. Crs.	628	2161.25	1724.16
Total Operating Income	Rs. Crs.	196	164.54	174.92
Net Profit	Rs. Crs.	-7079	4043.36	1326.04
Total Net Worth	Rs. Crs.	-10379	-3249.10	-4352.44
Borrowings	Rs. Crs.	9751	5113.98	3058.24
Gearing	Times	Negative	Negative	Negative
CRAR	%	-1273.95	-175.32	-4.92
GNPA	%	93.12	82.23	76.64

NON-COOPERATION WITH PREVIOUS RATING AGENCY:

RCFL continues to remain non-cooperative with the following rating agencies:

1. CARE Ratings (Rationale dated 02 March 2023)
2. ICRA (Rationale dated 18 November 2022)

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

S. No	Instrument	Current Rating FY23			Rating History		
		Type	Amount (₹ Crs)	Rating	2022 04-Oct-22	2021 20-Sep-21	2020 21-Sep-20
1	Secured NCDs	Long Term	2000.00	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D INC (Reaffirmed)	BWR D INC (Reaffirmed and migrated to INC)
2	Subordinated NCDs	Long Term	100.00	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D INC (Reaffirmed)	BWR D INC (Reaffirmed and migrated to INC)
3	PP-MLDs	Long Term	50.00	BWR PP- MLD D/ Continues to be in ISSUER NOT COOPERATING# category/Reaffirmed	BWR PP- MLD D/ Continues to be in ISSUER NOT COOPERATING# category/Reaffirmed	BWR PPMLD D INC (Reaffirmed)	BWR PP MLD D INC (Reaffirmed and migrated to INC)
4	Commercial Paper	Short Term	700.00	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D/ Continues to be in ISSUER NOT COOPERATING# category/ Reaffirmed	BWR D INC (Reaffirmed)	BWR D INC (Reaffirmed and migrated to INC)
Total			2850.00	Rupees Two Thousand Eight Hundred and Fifty Crores Only			

*Issuer did not cooperate, based on best available information

COMPLEXITY LEVELS OF THE INSTRUMENTS

Secured NCDs	Complex
Subordinated NCDs	Complex
Market Linked Debentures	Complex
Commercial Papers	Simple

For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks and Financial Institutions](#)
- [Default Recognition and Post Default Curing Period](#)
- [Policy on INC](#)

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Reliance Commercial Finance Limited

ANNEXURE I

Details of Bank Loan Facilities rated by BWR : NA

**ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:**

Instrument	Issue Date	Amount (Rs. in Cr)	Coupon	Maturity Date	ISIN
Secured NCDs	15-05-2017	25.00	8.66%	14-05-2027	INE126D07016@
Secured NCDs	16-05-2017	10.00	8.52%	16-05-2024	INE126D07024@
Secured NCDs	18-05-2017	6.00	8.52%	17-05-2024	INE126D07032@
Secured NCDs	23-05-2017	10.00	8.66%	21-05-2027	INE126D07040@
Secured NCDs	21-08-2017	38.00	8.52%	21-08-2024	INE126D07057
Secured NCDs	13-10-2017	400.00	9.03%	13-10-2022	INE126D07065@
Secured NCDs	13-10-2017	500.00	9.23%	13-10-2027	INE126D07073@
Secured NCDs	04-04-2018	500.00	9.50%	05-04-2023	INE126D07123@
Secured NCDs	25-04-2018	15.20	9.10%	28-03-2022	INE126D07131
Secured NCDs	25-04-2018	15.20	9.10%	28-03-2023	INE126D07131
Secured NCDs	25-04-2018	15.20	9.10%	28-03-2024	INE126D07131
Secured NCDs	25-04-2018	15.20	9.10%	28-03-2025	INE126D07131
Unutilised - Secured NCDs	-	450.20	-	-	-
Subordinated NCDs	15-09-2017	20.00	8.69%	20-09-2027	INE126D08014@
Subordinated NCDs	04-10-2017	2.00	8.69%	06-10-2027	INE126D08022@
Subordinated NCDs	06-10-2017	2.00	8.69%	06-10-2027	INE126D08022@
Subordinated NCDs	06-10-2017	8.00	8.69%	06-10-2027	INE126D08022@
Subordinated NCDs	08-11-2017	5.00	8.70%	31-07-2025	INE126D08030
Subordinated NCDs	08-11-2017	6.00	9.07%	08-11-2027	INE126D08048@
Subordinated NCDs	18-01-2018	17.00	9.40%	19-01-2028	INE126D08055@
Subordinated NCDs	18-01-2018	10.00	9.40%	19-01-2028	INE126D08055@
Subordinated NCDs	18-01-2018	4.00	9.40%	19-01-2028	INE126D08055@
Subordinated NCDs	18-01-2018	2.00	9.40%	19-01-2028	INE126D08055@
Subordinated NCDs	02-02-2018	3.00	9.40%	02-02-2028	INE126D08063@
Subordinated NCDs	02-02-2018	2.00	9.40%	02-02-2028	INE126D08063@
Unutilised - Subordinated NCDs	-	19.00	-	-	-
Market Linked Debentures	28-09-2018	13.40	Market Linked	23-10-2020	INE126D07149@
Market Linked Debentures	01-10-2018	4.05	Market Linked	28-02-2022	INE126D07164@
Market Linked Debentures	09-10-2018	4.00	Market Linked	02-12-2019	INE126D07156@
Market Linked Debentures	30-10-2018	2.00	Market Linked	28-02-2022	INE126D07164@
Market Linked Debentures	06-11-2018	3.80	Market Linked	02-12-2019	INE126D07156@
Unutilised - Market Linked Debentures	-	22.75	-	-	-
Commercial Paper	19-09-2018	640.00	10.50%	16-09-2019	INE126D14384
Unutilised Commercial Paper	-	60.00	-	-	-
Total		2850.00	Rupees Two Thousand Eight Hundred Fifty Crores Only		



@Debenture Trustee Vistra ITCL has distributed the amount received from RCFL under the resolution plan to the debenture holders on 21st October 2022. Redeemed instruments amount to Rs. 1,554.25 Crores of the rated amount.

It is understood that Authum is directly coordinating with the 6 dissenting debenture holders to determine the course of action for them.

ANNEXURE III

List of entities consolidated : NA

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