

Reliance Capital downgraded to BWR BB by Brickwork Ratings; outlook revised to negative

The Company has also announced its plans to monetise 49% stake in Reliance General Insurance Company Limited (which is presently 100% owned), and the DRHP has recently been filed with SEBI.

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Reliance Capital said in the press note that Brickwork Ratings (Brickwork) has downgraded the rating to BWR BB and revised rating outlook to Negative from credit watch with negative implications for long-term debt program, market-linked debentures and subordinated debt of the company.

Brickwork has stated this action is primarily due to revision in timelines for divestments and deterioration in the standalone financial performance of the company due to impairment of assets.

The company has received the letter from Brickwork Ratings on September 9, 2019, the company said on Monday after market hours.

The Company has been working diligently to ensure timely debt repayments.

As publicly informed, the Company is in the process of monetising its entire stake in Reliance Nippon Life Asset Management Limited (RNLAM) for Rs6,000cr out of which the company has already realized Rs1,450cr through Offer for Sale by selling 10.75% shareholding in RNLAM.

The Company has also announced its plans to monetise 49% stake in Reliance General Insurance Company Limited (which is presently 100% owned), and the DRHP has recently been filed with SEBI.

The Company's asset monetization plan is on track.

Based on the above, the Company expects to realise proceeds of over Rs10,000cr and sharply cut its overall debt by more than 50% within the current financial year.

"The rating agency did not fully factor in the impact of our massive debt reduction and value unlocking plan", it added.