

## Press Clipping

Publication : Business Standard  
Date : 26.02.2009  
Edition : Mumbai  
Page No. : 06

# RCom to raise Rs 13,000 crore debt to fund expansion plans

BS REPORTER  
Mumbai, 25 February

Telecommunications major Reliance Communications (RCom) will raise Rs 13,000 crore debt in the next three months to meet certain capex requirements and scheduled debt repayment obligations.

The debt is part of the total Rs 24,000-crore capex earmarked from January 2009 to March 2010 (over 15 months) and Rs 15,000 crore as capex for financial year 2010. The company is expected to announce the fund-raising in the coming weeks, according to sources close to the development.

Of the total Rs 13,000 crore, the company had proposed to raise Rs 10,000 crore through a long-term fund-based facility and the remaining Rs 3,000 crore through a Non-Convertible Debenture (NCD) issue.

The firm is raising the debt to meet the capex requirements of various projects, including expansion of GSM network, and repayment of debts. The capex for the next financial year (Rs 15,000 crore) also includes expansion plans of its telecom infrastructure subsidiary, Reliance Infratel. RCom is said to be in an advanced stage of discussions with the foreign investors for divesting an additional stake in Reliance Infratel. RCom officials declined to comment.

Meanwhile, the credit rating agency ICRA has assigned a long-term rating of 'LAAA' – its highest-credit-quality rating – to RCom's proposed long-term fund-based facility and Non-Convertible Debenture (NCD) issues. The agency has also reaf-



firmed 'LAAA' rating to the Rs 20,156 crore long-term fund based/non-fund based limits. The rating means that the instruments carry the lowest credit risk, ICRA said in a release here today.

The credit rating agency has also re-affirmed short-term ratings of A1+ to RCom's Rs 7,408 crore short-term fund-based/non-fund based limits and Rs 2,000 crore commercial paper. A1 is ICRA's highest for short-term debt instruments.

ICRA also stated that there was a significant rise in Rcom's debt levels: from Rs 17,440 crore as on March 31, 2007, to Rs 25,820 crore as on March 31, 2008 and further to Rs 26,670 crore as on December 31, 2008. It also said a significant part of the debt is in foreign currency.

The ratings have factored in RCom's established position as a leading service provider with its presence spanning wireless and wire-line services, enterprise connectivity solutions, domestic and international long distance segments (voice and data services), and DTH pay TV services, ICRA said.