

Reliance Communications (RCOM) has settled a case with the Securities Exchange Board of India (SEBI) for violation of listing norms for which the SEBI had imposed a fine worth Rs 6.24 million on the operator. The terms of SEBI's settlement order had been approved by a high-powered advisory committee.

Earlier, RCOM had failed to inform the credit agencies that it had missed a non-convertible debenture instalment of Rs 3.75 billion, which was due on February 7, 2017.

The Committee in its meeting held on September 3, 2018 considered the settlement terms and recommended the case for settlement upon payment of RS 6.24 million by the applicant towards settlement charges.

Under SEBI's settlement process, an entity is allowed to settle charges by paying a penalty without admission or denial of guilt. However, under the new rules, a settlement cannot be allowed if the violation has a market-wide impact. RCOM eventually did make the debenture payment, on April 10, 2018, but the rating agencies stated that the delayed payment came to light only when the company announced its March quarter results on May 27, 2018. For a rating agency, a delayed payment counts as default.

Pending an inquiry by SEBI into the issue, ICRA placed RCOM under ratings watch, downgrading the Rs 50 billion NCD programme three notches from its BBB+ status in September 2016 to BBB, BB and D in May, 2018. In May, 2018, CARE revised its ratings on the NCD issue from A- to BB to D.

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