

Press Release

Brickwork Ratings assigns BWR AAA for Reliance Capital Ltd's proposed secured redeemable Non-Convertible Debentures (NCD) of ₹100 Crores with tenor of upto 12 years

NCD Issue Rating : BWR AA

Outlook : Stable

Brickwork Ratings (BWR) has assigned BWR AAA [Pronounced BWR Triple A] Rating for Reliance Capital Ltd's proposed Secured Redeemable Non-Convertible Debenture issue of ₹100 Crore with a tenor of upto 12 years. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The rating has factored, inter alia, Reliance Capital's capitalization, asset quality, diverse revenue streams and the leverage of cross linkages between businesses available to the company as well as increased financial flexibility arising from 26% stake sale of Reliance Life Insurance to Nippon Insurance, Japan. The rating also factors in the macro economic factors challenging the NBFC segment and the performance of the General Insurance segment.

The rating has relied on the publicly available information on the company and is based on past financials only and our understanding of the company's future capabilities.

Reliance Capital, part of the Reliance Anil Dhirubai Ambani Group (ADAG), is a diversified financial services company with interests in Asset Management, Insurance – Life & General, Commercial Finance, Broking & Distribution, Asset Reconstruction, Private equity and Proprietary investments among others. Mr. Anil Ambani is the Chairman of Reliance Capital Ltd.

On a consolidated level, Reliance Capital Ltd posted profit after tax (PAT) of ₹33.4 crore on total income of ₹ 1,546 crore for H1FY12 as compared to PAT of ₹112 crs on total income of ₹1,299.8

crore in H1FY11. Profitability has been impacted by increased interest cost and losses in the general insurance business. For FY11, the company had reported a PAT of ₹291 crore on total income of ₹5,499 crore. The commercial finance segment reported Gross NPAs of 1.37% and Net NPA of 1.12% as of H1FY12. Reliance Capital Ltd had a CAR of 17.68% as of H1FY12.

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