

## Reliance Capital Limited

ICRA has reaffirmed the rating for the PTCs under a securitisation transaction originated by Reliance Capital Limited (RCL), as tabulated below<sup>1†</sup>.

Table 1: Summary of rating action taken by ICRA for RCL pools

Sl.	Issue Name	Instrument	Initial Amount (Rs. crore <sup>2</sup> )	Amount O/s after Jul-16 Payout (Rs. crore)	Rating Action
1	Indian Receivable Trust 10	PTC Series A	151.93	50.39	Reaffirmed at [ICRA]AAA(SO)

The PTCs are backed by receivables from Loan Against Property (LAP) contracts originated by RCL. The current rating factors in the performance of the pool till date, and the expected performance over its balance tenure.

The key performance metrics of all the pools till Jun-16 collection month are provided in the table below.

Table 2: Summarized Pool Performance till Jun-16 collection month

	<b>IRT 10</b>
Rated in	Sep-13
Number of months post securitization	34
Amortization (% of initial pool principal)	66.83%
Cumulative Prepayment (% of initial pool principal)	55.52%
Average Monthly Prepayment rate (%)	2.35%
Loss Cum 90+ dpd (% of initial pool principal) <sup>3</sup>	1.14%
Cumulative loss (% of initial pool principal)	0.00%
Cumulative Collection Efficiency <sup>4</sup>	98.98%
CC utilization till date (% of initial CC Amount)	0.00%

The underlying contracts in the pool have variable interest rate. Given that the Pool yield and the PTC yield are linked to different benchmarks, some basis risk exists in the transaction.

The pool has performed well with collection efficiency of about 99% and very low 90+ delinquencies till date. Given the strong performance of the pool and the presence of EIS in the transaction, there has been no cash collateral (CC) utilization till date.

The credit enhancement available for meeting the balance PTC payouts – after downward reset of cash collateral in the transaction - is sufficient to reaffirm the rating at the current rating level in the transaction. ICRA will continue to monitor the performance of this transaction. Any further rating action will be based on the performance of the pool and the availability of credit enhancement relative to ICRA's expectations.

Apart from this transaction, ICRA had rated one transaction originated by RCL in July 2010, which has now matured. The performance of the July 2010 rated pool was good with collection efficiency of more than 99% and low delinquency level (loss-cum-90+ dpd of around 1.3%) as on the maturity date.

<sup>1†</sup> For complete rating scale and definitions refer ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

<sup>2</sup> 100 lakh = 1 crore = 10 million

<sup>3</sup> Cumulative loss + Principal Outstanding on contracts that are more than 90 days past due/ Initial Pool Principal

<sup>4</sup> Cumulative Collection - collection on prepayment/ (Cumulative Billing- Prepayment Billing)

**About the Originator**

RCL is a part of the Reliance group. RCL supports its group companies in form of equity or debt apart from managing a proprietary investments book. RCL's subsidiaries are engaged in the business of managing a Mutual fund (which is the largest mutual fund in the country with average assets under management of around Rs. 287,431 crores as on March, 2016), general & life insurance business and online equity broking.

RCL started its commercial finance business with a focus on secured lending and currently, mortgage, auto, commercial vehicles and business loans form bulk of the portfolio. On standalone basis, RCL reported a net profit of Rs 977 crores on a total operating income of Rs 4145 crores in FY16 as compared with a net profit after tax of Rs 757 crores on a total operating income of Rs 3988 crores in FY15.

The short-term debt of RCL currently has a rating outstanding of [ICRA]A1+, with the rating indicating the lowest credit risk in the short term.

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