

Reliance Capital Limited

September 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures	4,300.00	CARE BBB-; Stable	Final Rating Confirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited's (CareEdge Ratings') analytical approach is based on, among other things, estimation of cashflows arising from monetisation of underlying insurance companies, supported by liquidity cover, escrow payment mechanism, and legal structure of the transaction.

Proceeds of the rated issue were utilised towards repayment of Company of Creditors (CoC) under approved resolution plan. As of March 31, 2025, Reliance Capital Limited (RCL) holds 73.69% stake in Reliance General Insurance Company Limited (RGIC), a 25% stake in Reliance Nippon Life Insurance Company Limited (RNLIC), and a 74% stake in Reliance Health Insurance Company Limited (RHIC). RGIC, RNLIC, and RHIC are insurance companies of Reliance Capital Limited (RCL), which have been acquired by IndusInd International Holdings Limited (IIHL – a Mauritius-based entity). IIHL is a global business (Category 1) licensee company incorporated in Mauritius. IIHL's principal activity is investment holding, where it holds shares in different companies spread across sectors.

CareEdge Ratings has converted its provisional rating of "Provisional CARE BBB; Stable"- on non-convertible debentures (NCDs) of RCL to a final rating of "CARE BBB-; Stable" based on the submission of the following documents to the satisfaction of CareEdge Ratings.

- Duly signed and executed term sheets.
- Debenture Trustee appointment agreement.
- Debenture Trustee deed.
- Receipt of all regulatory approvals for creating security under the term sheet.
- Approval from Department of Industrial Policy and Promotion (DIPP).
- Put option and indemnity agreement per the term sheet.
- Underlying documents for shareholding covenants.
- All necessary approvals and agreements for offshore acquirer under the term sheet.
- Execution of escrow agreements.

The rating hinges on a structure, where debentures are secured by first ranking security charge on all assets including future cashflows of RCL arising from distributions in the form of dividend, repayment of shareholder loans or sale proceeds from assets / businesses held. Proceeds to be received by RCL from sale of shares held in Underlying Insurance Companies form part of the security offered to debenture holders.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Additional cashflows supporting accelerated debt repayments.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Non-adherence to pre-defined covenants - financial, shareholding, and other customary covenants as defined under executed debenture trustee deed.
- Delay in monetisation of the company's stake in underlying insurance companies

Analytical approach:

The rating is based on, among other things, estimation of cashflows arising from monetisation of underlying insurance companies. This is further supported by liquidity cover, escrow payment mechanism, and legal structure of the transaction.

Outlook: Stable

The outlook is 'Stable' considering estimated cashflows from monetisation of underlying insurance companies and liquidity cushion, which provides sufficient asset cover for rated instruments in CareEdge Ratings' opinion.

Detailed description of key rating drivers:**Key strengths****Strength of transaction structure and escrow mechanism**

The rating of NCDs factors in structure, where debentures are secured by first ranking security charge on all assets, including future cashflows of RCL arising from distributions in the form of dividend, repayment of shareholder loans or sale proceeds from assets / businesses held. Proceeds to be received by RCL from monetisation in underlying insurance companies form part of the security offered to debenture holders. Cashflows shall flow into an escrow account, which shall be utilised for repayment of debenture holders.

Some of the key covenants include:

- IIHL to indirectly retain at least 51% of shareholding and voting rights/ control over IIHL BFSI (India) Limited, an indirect SPV of IIHL (held 100% by IIHL BFSI Holdings)
- IIHL entered put option agreement, on exercise of which, IIHL shall be obligated to purchase NCDs issued by RCL, per terms of put option agreement.
- IIHL to retain indirectly at least 51% of shareholding and voting rights of RCL; and control over RCL.
- IIHL shall hold unencumbered listed shares (having a value of) or cash of at least ₹2,500 crore.

Comfortable cover for debenture holders

The security cover for debenture holders includes RCL's stake in underlying insurance companies namely RGIC and RNLIC, having book value at ₹9,830 crore as of March 31, 2025. CareEdge Ratings derives comfort from key covenants, which mandate IIHL to maintain indirectly minimum 51% stake in RCL in the future, and from the promoter's demonstration of support to their group companies in the past. This is additionally supported by put option on IIHL in favour of debenture holders, pursuant to terms of put option agreement.

The rating is based on estimation of cashflows arising from monetisation in underlying insurance companies RGIC and RNLIC, which is supported by the escrow payment mechanism, and legal structure of the transaction. Estimated cashflows from monetisation in underlying insurance companies provide sufficient asset cover for rated instruments in CareEdge Ratings' opinion.

Key weaknesses

Susceptible to delay in envisaged cash flow generation

Cash flows required for repayment of rated debentures are primarily expected to be generated by monetisation in the insurance companies, RGIC and RNLIC, held by RCL. Proceeds from stake sale/ divestment shall be utilised to repay rated debentures of RCL. Since RCL does not have operating cashflows, prolonged delay in cash flow generation from monetisation might impact timely debt repayment since monetisation of assets depends on market forces.

Liquidity:

Not applicable, since there are no material cashflows in the company and rated debt is zero-coupon bond.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios - Financial Sector](#)

[Investment Holding Companies](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Non-Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

RCL is registered as non-banking financial company, middle layer core investment company ('CIC') – non-deposit taking systemically important (NBFC-CIC-ND-SI) under Section 45-IA of Reserve Bank of India Act, 1934. The company was incorporated on March 05, 1986.

The company was under Corporate Insolvency and Resolution Process (CIRP) which was initiated on December 06, 2021, and Administrator was appointed by the RBI under Section 45-IE (2) of the RBI Act. Under CIRP, IIHL submitted a resolution plan, which was approved by Hon'ble National Company Law Tribunal, Mumbai bench vide its order dated February 27, 2024. Pursuant to this on March 19, 2025, RCL became 100% wholly owned subsidiary of IIHL BFSI India Limited (a Mauritius based entity), which is a step-down subsidiary of IIHL.

Post change in shareholding, the company has been restructuring its investments across businesses and hiving off its non-core assets. Currently, the company's key holdings include investments in underlying general and life insurance businesses, RGIC and RNLIC.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total Income	329	2,027	-71
PAT	-233	-1,410	-162

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Interest coverage (times)	NA	NA	NA
Total assets	11,867	10,408	10,461
Net NPA (%)	0	0	0
ROTA (%)	NA	NA	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-Convertible Debentures	INE013A078S5	18-Mar-2025	14.5	17-Mar-2028	4,300.00	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Market Linked Debentures	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE PP-MLD D (02-Jul-24)	1)CARE PP-MLD D; ISSUER NOT COOPERATING* (21-Feb-24)	1)CARE PP-MLD D; ISSUER NOT COOPERATING* (02-Mar-23)
2	Debt	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE D (02-Jul-24)	1)CARE D; ISSUER NOT COOPERATING* (21-Feb-24)	1)CARE D; ISSUER NOT COOPERATING* (02-Mar-23)
3	Debt-Subordinate Debt	LT	-	-	1)Withdrawn (08-Apr-25)	1)CARE D (02-Jul-24)	1)CARE D; ISSUER NOT COOPERATING* (21-Feb-24)	1)CARE D; ISSUER NOT COOPERATING* (02-Mar-23)
4	Non-Convertible Debentures	LT	4300.00	CARE BBB-; Stable	-	1)Provisional CARE BBB-; Stable (09-Jul-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-Convertible Debentures	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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