

## Innovative structure in local securitisation market created **Reliance Retail, OPC Asset Solutions Raised ₹12k cr**

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**Mumbai:** Reliance Retail is leading India's structured financing market, with the Mukesh Ambani-owned retailing major and OPC Asset Solutions working out a securitisation arrangement to raise ₹12,000 crore.

Top mutual funds including Aditya Birla, HDFC, Reliance, ICICI Prudential, and Kotak Mahindra have invested in those triple-A rated debt papers, known as Pass-Through Certificates (PTCs), yielding 9.7%. Reliance Industries, of which Reliance Retail is a part, didn't answer ET's mailed queries on the subject.

OPC Asset Solutions, a leasing company, has

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**VIBHOR MITTAL, ICRA**

securitised the lease rentals due from the country's largest retailer Reliance Retail.

Structured financing, a special form of debt funding, is evolving fast. Companies usually raise money by securitising a pool of loan receivables. This is, perhaps, for the first time that the securitisation route has been used for enabling a large-scale lease rental

transaction. Lease rentals save capital expenditure and overhead costs.

"This is the first time that a company raised money through securitisation of lease rentals," said Vibhor Mittal, head-structured finance, ICRA, which rated these securities at AAA (SO). "Such an investment has low credit risk due to assured rentals coming from top-rated companies." As part of the deal, OPC Asset Solutions, the lessor, could buy the equipment to lease them to Reliance Retail for three years. OPC uses money raised through the PTCs. There is a separate securitisation trust, which will issue PTCs that are backed by lease rentals coming from Reliance Retail. Domestic asset management companies would invest in those PTCs, which are also tradable in the secondary market. OPC Asset offers asset renting solutions for various movable assets, such as furniture, computers, servers, ATMs, point of sale terminals, and construction equipment.

Three sets of PTCs offered interest rates in the range of 8.25%, 9.25% and 9.7% between May and December last year. Reliance Retail obtained this innovative route to raise the whole sum in three tranches.



Reliance Retail will raise the amount in three tranches: ₹1,500 crore, ₹5,500 crore, and ₹5,000 crore

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### TOP FUND HOUSES INVESTED IN PTCs

- Aditya Birla Sun Life Mutual Fund
- HDFC Mutual Fund
- Reliance Mutual Fund
- ICICI Prudential Mutual Fund
- Kotak Mahindra Mutual Fund