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Reliance Capital to demerge commercial finance business

By [Joel Rebello](#), ET Bureau | Updated: May 07, 2016, 01.22 AM IST

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Anil Ambani-controlled [Reliance Capital](#) will demerge its commercial [finance business](#) later this fiscal year making the company as a holding company which may allow it to apply for a banking license from the Reserve Bank of India, Soumen Ghosh, executive director at the company said.

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On Friday, the company said its consolidated net profit rose 33% to Rs 578 crore in the quarter ended March 2016 from Rs 433 crore in March 2015 riding on its stakes sales in its life insurance and asset management companies.

Japan-based [Nippon](#) had taken an identical 49% in both Reliance Life Insurance Co and Reliance Capital Asset Management Co. Ghosh said Reliance Capital has got a part of the stake sale amount in the quarter ended March 2016.

Results released on showed that profit from finance and [investments](#) which includes the money from the sale of stake to Nippon increased 84% to Rs 522 crore from Rs 284 crore. The company now hopes to sell up to a 49% stake in its general insurance arm later this year.

"The stake sale has helped us this quarter. Going forward we expect to demerge our commercial finance business which needs capital. We have already received RBI consent and are now waiting for the go ahead from the court and the Securities and Exchange Board of India (SEBI)," Ghosh said.

Reliance Capital, was one of the applicants for the banking license when applications were sort by RBI in 2013. On Thursday RBI issued draft guidelines to issue on tap licenses for companies seeking to open new universal banks. Ghosh said his company still has ambitions of starting its own bank and give its suggestions to the central bank on the draft guidelines.

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