

RCap, group firms approve ESOPs of ₹150 crore

BS REPORTER
Mumbai, 15 October

Reliance Capital, part of the Anil Dhirubhai Ambani Group, announced on Thursday an Employee Stock Option (ESOP) scheme for the year. It proposes to grant ESOPs worth ₹150 crore to 250 employees across group units.

The ESOPs comprise 646,080 shares of RCap and phantom shares of operating subsidiaries in mutual fund and insurance entities, which are not listed. The grants have been approved by the board of RCap and the respective group companies. Phantom shares is a term used to denote those in unlisted companies.

“Our thinking for offering ESOPs was not from a poaching (of staffers by other companies) perspective. Our thinking is that we want to grow our investing business and also start a lot of new businesses. It is a good incentive that people have some ownership in the company and, therefore, they grow their wealth along with the businesses,” said Sam Ghosh, executive director at RCap.

The key parameters to grant the ESOPs will depend upon the role and contribution of the employee. Ghosh added the company has not seen much staff attrition. “Even if there is poaching, that is a part of normal business. But, I do not think that is a major concern for us. If you look at our businesses, all the senior peo-

ple have stayed for a long time of seven-eight years,” he said.

The scheme is part of RCap's rewards programme, aimed at retaining and incentivising key employees. The scheme will be applicable to 250 employees of RCap and its businesses — Reliance Capital Asset Management, Reliance Commercial Finance, Reliance Life Insurance, Reliance Securities and Reliance General Insurance.

The options vest over a period of five years, with customary lock-in period, etc. This is the second time in a decade that the company is issuing Esops. In 2009, it issued 1.2 million Esops valued at ₹100 crore and representing 0.5 per cent of the equity. At the time, these were issued to 500 employees across the group.

RCap had a 23 per cent increase in consolidated net profit for the quarter ended June, to ₹201 crore. The increase in profit was mainly due to a rise in profits in asset management and general insurance.

Earlier this month, Japan's Nippon Life Insurance had agreed to invest ₹1,196 crore in the fund management unit of RCap, to buy an additional 14 per cent stake. With the fresh investment, Nippon Life is set to raise its stake in Reliance Capital Asset Management to 49 per cent. It had acquired a 26 per cent stake in 2012.

RCap's shares closed at ₹403.15 on the BSE on Thursday, up about two per cent from Wednesday's close.

RESULTS TODAY: STREET EXPECTATIONS

RELIANCE INDUSTRIES: Quarter ended September 2015 (₹crore)

	Net sales		Net profit	
	(Q2FY16)	% chg*	(Q2FY16)	% chg*
MOSIL	63,681.20	-34.00	5,919.00	3.00
BofA-ML	63,744.20	-41.94	5,853.70	-1.98
Emkay Securities	55,870.60	-42.09	5,563.10	-3.12
IIFL	60,568.00	-37.20	5,521.00	-3.90
Kotak Broking	63,349.60	-34.34	6,021.00	4.86

*change over y-o-y

The list comprises Nifty companies. The above are results estimates by some leading research houses

Data compiled by BS Research Bureau

Source: Research Reports