

Reliance General Insurance finds 3 foreign suitors

It looks at price of 3-4 times of book value of ₹1,000 crore

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THREE foreign players have evinced interest in buying a stake in Reliance General Insurance.

They are from United States, Europe and Asia and the stake sale is likely to conclude in the next financial year.

Reliance General Insurance is a 100 per cent owned subsidiary of Reliance Capital, a financial services arm of the Anil Ambani-led Reliance Group.

Speaking to *Financial Chronicle*, Sam Ghosh, executive director and group chief executive officer of Reliance Capital, confirmed, "There are three parties that have evinced interest in buying a stake in Reliance General Insurance. They are from United States, Europe and Asia. We expect to conclude the sale by the next financial year."

On a question about valuation, Ghosh said, "In terms of valuation, nothing is decided, but the book value of the general insurance subsidiary is Rs 1,000 crore and in the market, stake sales have happened at three to four times the book value. While some players want

Stake sale

- RelCap is looking at raising Rs 2,000-Rs 3,000 cr by exiting from its non-core investments
- Nippon Life had hiked stake in Reliance Life and Reliance Asset Management Company
- Funds raised via stake sales from would be used to grow housing finance subsidiary

to start with a lower stake and subsequently increase their shareholding, others want to buy 49 per cent."

Ghosh said that Reliance Capital is looking at raising Rs 2,000-Rs 3,000 crore by exiting from its non-core investments in the next one year. Currently, it has an investment book of Rs 8,000 crore. A few months ago, foreign partner Nippon Life increased its stake in Reliance Life and Reliance Asset Management Company to 49 per cent by buying additional 23 per cent stake in life insurance company for Rs 2,265 crore and 14 per cent stake in asset management company for Rs 1,196 crore.

Reliance Capital reported 10% rise in net profit

From IP1

The life insurance transaction is expected to close by March 2016.

Ghosh said that funds raised via stake sales from the life insurance and asset management subsidiaries would be used to grow the housing finance subsidiary (Reliance Housing Finance Company) and to reduce the overall debt of Reliance Capital from 1.77 per cent to 1.50 per cent.

Reliance Capital on Thursday reported a 10 per cent rise in consolidated net profit for the third quarter ended December 31, 2015 to Rs 235 crore as against Rs 213 crore in the corresponding period of the previous year. Their Q3FY16 total income increased to Rs 2,318 crore as against Rs 2,106 crore in the corresponding previous year period — an increase of 10 per cent.

Reliance Capital Asset Management had profit before tax of Rs 141 crore for the quarter ended December 31, 2015, a year-on-year increase of 12 per cent. Reliance Commercial Finance Company's profit before tax for the quarter ended December 31, 2015, was Rs 112 crore, a year-on-year increase of 1 per cent. It includes Reliance Home Finance profit of Rs 33 crore, a year-on-year increase of 35 per cent. Reliance General Insurance, the non-life insurance arm of Reliance Capital, posted 5 per cent increase in net profit at Rs 15 crore. Reliance Life achieved a profit of Rs 8 crore during the quarter.

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