

ROBUST RESPONSE IPO got bids worth ₹550 cr from well-known investors such as Rakesh Jhunjhunwala and Akash Bhanshali

Reliance Nippon may List at a Big Premium Today

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Mumbai: Reliance Nippon Life Asset Management, India's first mutual fund to go public, is expected to see a strong debut on the bourses on Monday. Grey market trends indicate that the stock is likely to list at 19-22% premium to its issue price of ₹252 per share, said experts. The premium implies a listing between ₹300 and ₹307 a share.

The asset management firm's ₹1,540-crore initial public offer, priced at ₹247-₹252 a share, drew strong response from all quarters with the issue being subscribed 81.5 times on October 27, the final day of the offer. The categories reserved for qualified institutional buyers and high net-worth individuals were subscribed about 118 times and 209 times, respectively, while the retail portion was subscribed 5.6 times. The IPO also got bids worth ₹550 crore from marquee investors, such as Rakesh Jhunjhunwala, Akash Bhanshali and Nimesh Shah, said a report by ET Now.

HNIs will just about break even if the stock lists around ₹300.

"The interest (in the IPO) was very good, with HNI book being subscribed 209 times. The cost for HNIs at 5-5.5% rate of interest comes up to about ₹50-55. Going by the grey market premium of ₹48-50, HNIs should come close to break-even," said Chintan Kotak, VP-Premia (Zonal Head) at IIFL.

At ₹252 per share, the stock was



TAPPING PRIMARY MARKET

Reliance Nippon is the first IPO from Reliance Anil Dhirubhai Ambani Group since Reliance Power in 2008

offered at 37 times its FY17 earnings per share and 8 times its FY17 book value.

Besides being the first AMC to list, Reliance Nippon is the first IPO from Reliance Anil Dhirubhai Ambani Group since Reliance Power in 2008. The public issue included a fresh issue of 2.45 crore shares besides an offer for sale of 1.12 crore shares by Reliance Capital

and 2.55 crore shares by Nippon Life Insurance Company. CLSA, Nomura, Axis Capital and JM Financial were book running lead managers for the IPO.

"Improving economic environment, shift in individual savings from physical asset to financial asset and continued focus on expanding its footprint across the geography will drive the AUM growth, which, in turn, will enable Reliance Nippon Life AMC to maintain its leadership position and reap benefits of economies of scale, thus culminating into higher profitability and superior return ratio," Phillip Capital had observed in a pre-IPO note, recommending subscribing to the issue.

Angel Broking, Motilal Oswal, Choice Broking and Centrum Broking had also recommended subscribing to the IPO.