

Reliance Nippon Life sets IPO price band, to mop up ₹1,542 cr



(From left) Reliance Nippon Life Asset Management vice president Yuki Tanaka, CEO Sundeep Sikka and CFO Prateek Jain at a press conference in Mumbai on Thursday

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RELIANCE NIPPON LIFE Asset Management is aiming to raise around ₹1,542 crore from its initial public offering (IPO). The company has set a price band of ₹247-252 per share for its IPO, and when calculated at the upper band of the issue price, the company will be valued at around ₹15,422 crore.

Reliance is one of the largest asset management companies in India and the second most profitable fund house. The asset management company is a joint venture between Reliance Capital and Nippon Life. Currently, Reliance Capital holds 46.57% while Nippon Life has 49% stake in the company. Post IPO, holding of both the companies will be 42.88% each, 10% of public and remaining with other shareholders.

The issue will open on October 25 and close on October 27. The anchor investor bidding will be on October 24. Bids can be made for a minimum of 59 shares and multiples of 59 thereafter. The offer comprises a fresh issue of 2.44 crore shares and an offer for sale 3.67 crore shares. The offer for sale comprises 2.54 crore shares from Nippon Life and 1.12 crore shares from Reliance Capital.

The net proceeds of the fresh issue will be used for setting up new branches and relocating certain existing branches, upgrading the IT system, advertising activities, lending to its

subsidiary, and funding inorganic growth among other things. The company will not receive any money from the offer for sale.

The company with total asset under management (AUM) of ₹3.62 lakh crore, is involved in managing mutual funds including ETFs; managed accounts, including portfolio management services, alternative investment funds (AIFs) and pension funds.

In FY17, the company had revenues of ₹1,435 crore and posted a profit after tax of ₹402 crore. According to its red herring prospectus (RHP), the company grew at a compounded annual growth rate (CAGR) of 15%.

“Going forward, the growth of the industry lies in retail in small cities and towns and that is where we have demonstrated our capability. And we believe that going forward will keep adding to the growth of the company,” said Sundeep Sikka, chief executive officer and executive director of the company.

In 2017, 24 companies raised ₹30,682 crore through IPO. Listing gains and returns by newly listed companies as also the positive sentiment in the broader market are among the reasons attributed to the trend.

SBI Life, CICI Lombard, BSE, HUDCO, CDSL, Avenue Supermarts, Shankara Building Products, S Chand and Company, and Cochin Shipyard are some of the companies that have completed their IPO in the last nine months.