

Nippon acquires 23% stake in Reliance Life for ₹2,265 crore

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New Delhi, Nov 24: Japan's Nippon Life Insurance on Tuesday announced the acquisition of an additional 23% stake in Reliance Life Insurance for about ₹2,265 crore.

Nippon's stake in the company, when the deal comes through, will increase to 49%, the upper limit for a foreign player in the private sector insurance firm.

Reliance Life has got the embedded value (EV) multiple of over 3, the highest in the industry till date. Despite the overall slowdown in the insurance sector, it has managed a strong valuation of about ₹10,000 crore and the highest EV multiple across life insurance companies.

In line with the new shareholding structure, the name of the company will be changed to Reliance Nippon Life Insurance Company.

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"We are delighted that the outstanding relationship between our two companies has now grown into an equal partnership, with Nippon increasing their stake—first, in our asset management business, and now, in our Life Insurance business - to 49 per cent," Reliance group chairman Anil Ambani said in a statement.

The boards of directors of both the companies—Nippon Life Insurance and Reliance Capital—have approved the increase in stake by the Japanese partner, subject to regulatory approvals.

"This additional investment represents not only the past efforts and initiatives, but also the good relationship between both companies going forward, and we are pleased to be able to further strengthen



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ANIL AMBANI,
chairman, Reliance Group

this partnership in various fields," Yoshinobu Tsutsui, president of Nippon Life Insurance, said.

In March 2011, Nippon Life had picked up a 26% stake in the life insurance venture under Reliance Capital for ₹3,062 crore. Nippon has also committed an investment of ₹3,303 crore for acquiring 49% stake in Reliance Capital Asset Management, thereby taking its total investment to

₹8,630 crore, the largest FDI by a foreign player in the financial services sector, it said.

Reliance Life Insurance recorded a new business premium of ₹601 crore, renewal premium of ₹673 crore, total premium (net of reinsurance) of ₹1,263 crore and total funds under management of ₹15,524 crore for the quarter ended September 30. *PTI*