

# Nippon Life, RCap sign deal for sale of MF arm

Japanese company will hike holding in Reliance MF to 75% from 43%

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**A**nil Ambani group firm Reliance Capital (RCap) has signed a definitive agreement with Nippon Life to sell its stake in Reliance Nippon Life Asset Management (RNAS). Under the agreement, the Japanese firm will hike its shareholding in RNAS from 42.88 per cent to 75 per cent by buying shares from public shareholders and RCap.

To ensure compliance of the 25 per cent public shareholding norms, Nippon Life will first launch an open offer to acquire the entire 14.6 per cent public shareholding in RNAS.

Depending on the shares tendered in the open offer, Nippon will acquire RCap's stake to take its shareholding tally to 75 per cent.

For instance, if the open offer is fully subscribed, Nippon Life's stake will go up from 42.88 per cent to 57.48 per cent. The company would then buy another 17.52 per cent from RCap, to take its stake to 75 per cent.

Nippon has set the acquisition price — both for the open offer as well as RCap's stake — at ₹230 per share, lower than RNAS's latest close of ₹234 per share. The price, however, is at a 15 per cent premium to the stock's previous 60-day average, a threshold to arrive at an open offer price.

Meanwhile, RCap has announced that it will offload 5.25 per cent stake through the offer for sale (OFS) route on Friday. The company has put on block 32.1 million shares and set the floor price at ₹218 per share, 6.4 per cent discount to last closing price. Under the definitive agreement, RCap plans to offload its entire stake in RNAS. The stake left after Friday's OFS and share sale to Nippon will again be offered in the open market at a later date.

According to RCap, it aims to mop up a total of ₹6,000 crore by selling its holding in RNAS. The sale proceeds will be used for deleveraging.

"The monetisation of the RNAS stake



## DEAL CONTOURS

- Nippon and RCap own 42.88% each in RNAS currently
- Nippon Life plans to hike its stake to 75%, becoming sole promoter
- Japanese firm announced open offer for 14.2% stake from public shareholders
- Nippon could acquire anywhere between 17.5% and 32% from RCap, depending on open offer acceptance
- Nippon will pay ₹230 per share to both minority shareholders and RCap
- Nippon not obligated to acquire pledged shares if 'relevant terms' not met
- RCap to sell up to 8.6% stake through OFS on Friday
- RCap to fully exit from RNAS eventually

is part of our value unlocking strategy. We expect this transaction, together with other deals underway, to substantially reduce RCap's debt by over 50 per cent in the current financial year," said Anil Ambani, chairman, Reliance Group.

Minoru Kimura, executive officer and head-Asia Pacific, Nippon Life Insurance, said, "Nippon Life also has strong network in US and Europe, which we can leverage to bring the money in India."

Nippon Life will continue with the

existing management and fund managers of RNAS. Sources said Sundeep Sikka, chief executive officer, RNAS had signed a long-term bond with Nippon Life to ensure continuity of the top-leadership of the fund house.

Further, sources privy to the development said Nippon Life and RCap had also entered into a non-compete agreement, which would prevent RCap from operating as a mutual fund player for one year after the deal is successfully concluded.

## APG buys RCap shares

The Netherlands-based APG Asset Management, which manages pension money, bought 1.3-million shares of Reliance Capital (RCap) in a bulk deal on Thursday. The shares were bought at price of ₹134 per share, which amounted to a deal value of ₹18 crore. The shares were purchased in APG Emerging Markets Equity Pool on a day when RCap announced definitive agreement with Nippon Life to sell stake in its asset management company. As of February, APG's investments for pension funds stood at €487 billion (₹37 trillion).

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