

RCap mops up ₹6,000 cr by selling RNAM stake to partner Nippon Life

Reliance Capital move to reduce debt by a third

OUR BUREAUS

Mumbai/New Delhi, May 23

Reliance Capital (RCap) has signed agreements with Nippon Life Insurance of Japan to exit its entire stake in Reliance Nippon Life Asset Management (RNAM). RCap said it will receive ₹6,000 crore (\$860 million) through this sale to Nippon Life Insurance at ₹230 a share, and the simultaneous offer-for-sale (OFS) to other financial investors. The entire proceeds will be utilised to reduce RCap's outstanding debt by 33 per cent, it added.

Of its 42.88 per cent in RNAM, RCap is offloading 32 per cent to Nippon Life and the

remaining 11 per cent will be sold in the open market through the OFS.

The OFS will take place on May 24 (8.66 per cent at ₹218 a share). If the OFS is subscribed beyond 5.25 per cent of the paid-up capital, then the rest of its 3.41 per cent stake will also be allotted to investors on May 27, it said.

Both partners currently hold 42.88 per cent each in RNAM, while the rest is with the public. Pursuant to the agreements, Nippon Life will also make an open offer to the public shareholders of RNAM at ₹230 a share, as required under SEBI regulations, and reach the maximum permissible promoter shareholding of 75 per cent for listed companies.

Sundeep Sikka, ED and CEO,

RNAM told *BusinessLine* that the company will benefit a lot from Nippon Life's move to increase stake as a lot of foreign money will come.

Asked whether RNAM will be renamed post this deal, Sikka said the details are yet to be worked out, but added that the company had the option to retain the Reliance name. Sikka also said that as Nippon Life has also decided to increase the employee ownership in the company, there will be higher ownership through employee stock option plans.

This is the first time Nippon Life is going outside Japan without a JV partner. Instead of using the JV partner, they are now backing the management team led by Sundeep Sikka.

Sources also said that shares of RNAM will not be delisted.