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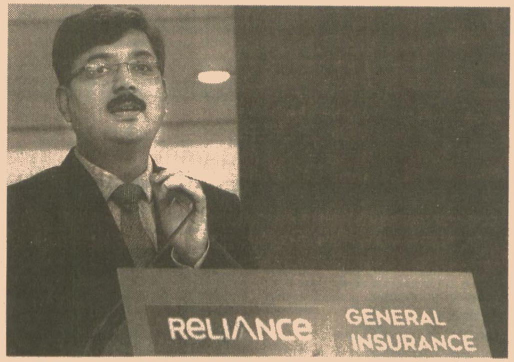
Reliance General Insurance plans IPO

SUBRATA PANDA
Mumbai, 12 June

The Anil Ambani-controlled Reliance Capital will float an iniitial public offering (IPO) of equity for its general insurance arm and list on the stock exchange. This could give the company a valuation of ₹6,000 crore.

Reliance General Insurance is targeting an IPO by the end of this financial year. It might also look for a strategic partner.

Fully owned by Reliance Capital, it is planning to dilute 10 per cent of its shareholding in 2017-18. In the next three years, to dilute 25 per cent.



Rakesh Jain, ED & CEO, Reliance General Insurance, addressing a press conference in Mumbai on Monday PHOTO: KAMLESH PEDNEKAR

Rakesh Jain, executive director and chief executive, said listing would enable individual investors to participate in a high growth and new wealth creation opportunity. The company has not ruled out the possibility of stake sale and thereby getting a strategic partner but gave no time line for this.

In the general insurance business, ICICI Lombard and government-owned New India Assurance and General Insurance Corporation are planning to get listed in the near future. ICICI Prudential Life Insurance is the only one in that segment which has listed till now.

With 40 per cent growth in premiums earned in FY17, Reliance General Insurance got ₹4,007 crore on this count, from ₹2,792 crore in FY16. Profit before tax rose 32 per cent to ₹130 crore in FY17. The investment portfolio at end-March was ₹6,724 crore, up 25 per cent. Assets under management grew 25 per cent to ₹6,700 crore.

He said the company is well positioned to capitalise on opportunities across retail, corporate and government supported consumer segments.

"The listing will enable retail investors to participate in this high growth and new wealth creation opportunity," he said in a statement.

In the last financial year, the company saw a profit of ₹130 crore and increased its investment book to ₹6,724 crore.

CDSL to launch ₹524-cr IPO

SAMIE MODAK
Mumbai, 12 June

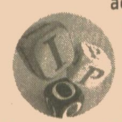
Central Depository Services India (CDSL) will launch its much-awaited initial public offering (IPO) on June 19. Promoter BSE will sell 26 per cent stake in the depository via the IPO to comply with the shareholding requirement imposed by markets regulator Securities and Exchange Board of India (Sebi). The exchange currently holds 50.05 per cent stake in CDSL. To meet Sebi norms, it had to bring down its holding to 24 per cent by March 31, 2017. Sebi, however, has extended the deadline till June 30. CDSL's ₹524-crore IPO will close on June 21 and the listing will take place before June 30.

The IPO entirely comprises of secondary share sale of 35.2 million shares which are being offered in the price band of ₹145-149 per share. Besides the BSE, State Bank of India, Bank of Baroda and Calcutta Stock Exchange will be offering their 4.57 per cent, 2.08 per cent and 0.96 per cent stake, respectively, in the IPO.

The offering will comprise of 33.65 per cent of paid-up equity share capital of CDSL. At the top-end of the price band, CDSL will be valued at around ₹1,550 crore. After BSE, CDSL is the second market infrastructure institution (MII) to go public. Just like the BSE, CDSL, too, will be listed only on the National Stock Exchange (NSE).

For the year FY17, CDSL had reported net profit of ₹85.8 crore on revenues of ₹1,86.9 crore.

Set up in 1999, CDSL is among the only two depositories in the country along with the National Securities Depository (NSDL). Both CDSL and NSDL facilitate holding of securities in electronic (dematerialised) format. As of March 2017, CDSL managed 12.3 million demat accounts, while NDSL handled 15.6 million. CDSL charges annual issuer fees for holding of securities in electronic form. Besides, it also generates revenues from other services such as electronic voting, documents storage, processing of know your customer (KYC) applications, processing fees for corporate actions like dividend payout and buybacks.



Analysts say CDSL is a play on the increase in penetration of the financial markets in the country. Savings in financial assets has grown at 10 per cent compounded annual growth rate (CAGR) between FY09 and FY16. The growth is expected to accelerate further as financial awareness and the working class population increases.