

Nippon to hike stake in Rel Cap AMC to 49%

STEP BY STEP Japanese co to pay ₹657 cr for first tranche of 9% additional stake; values Anil Ambani co at ₹7,300 crore

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MUMBAI: Japan's Nippon Life Insurance will increase its stake in Reliance Capital Asset Management Co to 49% from its existing 26% in two or more tranches, the Anil Ambani Group company said on Wednesday.

Nippon will invest an aggregate of ₹657 crore to acquire an added stake of 9% in Reliance Capital AMC in the first tranche, which will take its stake to 35%. This transaction is expected to be completed within the current financial year, subject to approvals. The transaction values Reliance Capital AMC at ₹7,300 crore. Nippon Life will have the option to increase its stake by an additional 14% in tranches, to arrive at a total 49%.

Reliance Capital AMC had ₹2.18 lakh crore worth of assets under management (AUM) as on September 30. Nippon Life is the world's seventh largest life insurer, and Japan's largest, managing around \$500 billion (₹31 lakh crore) in assets.

The boards of directors of both companies have approved the stake increase by NLI, subject to regulatory approvals, Reliance Capital AMC said on Wednesday.

"We strongly believe their expanded role in the company

MANAGING ASSETS

₹657 crore

The amount Nippon Life will pay to increase its stake in Reliance Capital AMC by 9% from the existing 26%

₹7,300 crore

The valuation of Reliance Capital AMC, going by what Nippon is paying for its additional stake

Assets under management (AUM) of Nippon Life

₹31 lakh cr
(\$500 bn)

AUM of Rel Cap AMC

₹2.18 lakh cr

- Nippon has the option to hike its stake in RelCap AMC to 49% overall, in tranches
- Nippon also has a stake in Reliance Life Insurance
- It has said it could raise this stake as well once the govt allows greater FDI in insurance companies



■ Anil Ambani

will accelerate our growth, reach and performance," said Sam Ghosh, CEO, Reliance Capital.

Nippon is already a strategic partner in Reliance Capital AMC. It had acquired a 26% stake in 2012 at an aggregate value of ₹1,450 crore. Nippon Life also holds 26% in Reliance Life Insurance Co, for which it had paid ₹3,062 crore in 2011.

"We look forward to strengthening this relationship and using the collective experience of the corporations to the advantage of the two global economies," said

Yoshinobu Tsutsui, president, Nippon Life Insurance.

Nippon Life had indicated earlier that it is willing to hike its stake in Reliance Life Insurance as well, once the regulations permit the same. The government has proposed to hike FDI limit in insurance to 49% from 26%. The proposal, which has been cleared by the cabinet, needs to be passed by the Parliament.

Reliance Capital shares closed up 4.2% at ₹501.45 on the Bombay Stock Exchange on Wednesday.

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