

# Nippon buys 23% stake in Reliance Life for ₹2,265 cr

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Japan's Nippon Life Insurance today announced the acquisition of another 23 per cent stake in Reliance Life Insurance for about Rs 2,265 crore. Nippon's stake in the company, when the deal comes through, will increase to 49 per cent ~ 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, highest in the industry till date. Despite the overall slowdown in the insurance sector, it has managed a strong valuation of about Rs 10,000 crore and highest EV multiple across life insurance companies.

In line with the new shareholding structure, the name of the company will

also be changed to Reliance Nippon Life Insurance Company Limited.

Nippon Life increased stake in Reliance Life to 49 per cent for Rs 2,265 crore. With this its total investment has reached Rs 8,630 crore for 49 per cent stake each in life insurance and asset management business.

"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 note.

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 this partnership in various fields," Mr Yoshinobu Tsutsui, president, Nippon said.

In March 2011, Nippon Life had picked up 26 per cent stake in the life insurance venture under Reliance Capital for Rs 3,062 crore.

Nippon has also committed an investment of Rs 3,303 crore for acquiring 49 per cent stake in Reliance Capital Asset Management, thereby taking its total investment to Rs 8,630 crore, the largest FDI in the financial services sector, it said.