

# R-Cap sells 23% stake in Rel Life to Nippon for ₹2.2k cr

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**Mumbai:** Reliance Capital will raise Rs 2,265 crore through the sale of an additional 23% stake in Reliance Life Insurance to Nippon Life in a deal that values the company at Rs 10,000 crore. With this deal, the Japanese insurer has committed Rs 8,630 crore, which includes an earlier 26% stake in Reliance Life and a 49% stake in Reliance Mutual Fund, which is the largest foreign direct investment in the financial sector.

Speaking to **TOI**, Reliance Capital CEO Sam Ghosh said that the company was also in talks with non-life multinationals looking for a presence in India to sell the stake in Reliance General Insurance.

“We will be using the funds to retire debt and bring down the debt-equity ratio from 1.8% to 1.2-1.1%. We will also grow the housing finance business,” he said.

Following the transaction, Reliance Life will be renamed “Reliance Nippon Life”. In the past, valuations for Reliance Life ranged between Rs 6,000

crore to Rs 8,500 crore. According to Ghosh, the investment represents an “implied embedded value” (EV) of over three times—the highest in the industry. Embedded value is a measure of valuation for life companies that takes into account not only present earnings but those expected in future as policies generate earnings only in subsequent years.

## FUND TAP

All the stake sale is secondary sale and the money will be coming into Reliance Capital as neither the life nor the asset management company require capital. Ghosh said that the company was open to acquisition in the housing finance business. “We want to grow our housing finance business which is around Rs 8,000 crore and is expected to be around Rs 10,000 crore at the end of the year. In asset management, we did the Goldman Sachs acquisition since it fit into our plans to grow exchange traded funds. If we find similar opportunities in housing finance, we will look at it.”