

ISSUE OPENS ON OCT 25 and has a price band of ₹247-252 a share

Reliance Nippon Life Looks to Raise ₹1,524 cr Via IPO

Our Bureau

Mumbai: Reliance Nippon Life Asset Management, India's third largest mutual fund, will raise up to ₹1,524 crore through an initial public offer (IPO) later this month, valuing the firm at ₹15,240 crore.

The issue — the first by a domestic mutual fund — has been priced in the band of ₹247-252 per share.

The mutual fund, jointly owned by Anil Ambani's Reliance Capital and Nippon Life Insurance Company, manages assets worth ₹3,80,000 crore. Of this, the average assets under management under mutual funds is ₹2.31 lakh crore on September 2017, while pension accounts make up the bulk of the rest.

At a value of ₹15,240 crore, the IPO will value the fund at 4% of the total assets of ₹3,80,000 crore. The issue will value the firm at 6.6% of the domestic mutual fund business.

Money managers said the company has a 'first mover advantage' with its IPO as investors would want to bet on the shift in household savings from physical assets to financial assets.

"There is a structural shift in the Indian household savings pattern. Household savings are attracted to-



VALUATION



Co has been valued at ₹15,240 cr, which is 4% of the total assets of ₹3.8 lakh cr

wards equity as an asset class, and mutual funds who help channelise investor savings are one of the biggest beneficiaries," says Alok Ranjan, head-PMS, Way2Wealth.

Ranjan believes that the valuation is justified given its good asset mix of debt and equity, widespread geo-

graphical presence, strong distribution network and is among the top players in a high growth industry

The firm's IPO, which opens on October 25, will issue 2.44 crore shares afresh and existing shareholders will sell 3.67 crore shares. The IPO closes on October 27.

The Indian mutual fund industry is at a nascent stage of growth with approximately 3-4% of the population invested in mutual funds.

Demonetisation has accelerated the shift from physical savings to financial savings and assets under management of the industry grew sharply by 24% from ₹16.90 lakh crore in October 2016 to ₹20.94 lakh crore by September 2017.