

Nippon hikes Rel Cap AMC stake to 49%

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MUMBAI: In the biggest ever foreign direct investment (FDI) in Indian mutual fund industry, Japan's leading life insurer, Nippon Life Insurance, on Tuesday acquired 14% additional stake in the Anil Ambani-led Reliance Capital Asset Management (RCAM) to 49%.

Nippon will invest ₹1,196 crore to raise the equity stake in tranches, valuing RCAM, which runs Reliance Mutual Fund and is part of Ambani-led conglomerate Reliance Group's financial services arm Reliance Capital, at ₹8,542 crore, or \$1.3 billion.

RCAM said that the transaction will be completed in the current financial year subject

to regulatory approvals. Post approval, Nippon would become the co-sponsor of RCAM and the name would be changed to Reliance Nippon Life Asset Management.

Nippon is already a strategic partner in RCAM. In 2012, it had acquired 26% in Reliance Capital Asset Management for ₹1,450 crore. The stake was raised to 35% in February this year when the Japanese company put in ₹657 crore for the additional stake.

"Both Reliance Capital and Nippon Life have enjoyed an extraordinary relationship in the last few years. We are determined to grow our businesses multifold and have stronger footprint in India and abroad," said Reliance Group chairman Anil Ambani.

PROFILE CHECK

- Nippon will invest ₹1,196 cr to raise the stake in tranches, valuing RCAM at ₹8,542 cr
- RCAM is currently the largest asset manager in India managing ₹243,162 crore assets as on June 30
- Nippon Life Insurance manages over ₹33.8 lakh crore in assets — amongst the largest total assets in the world for any life insurer

Asset management typically includes mutual funds, which have seen a sharp growth in the country following the return of retail shareholders who had

stayed away from equities after the stock market crash of 2010. Mutual funds popularity has also grown as retail investors are able to put in small sums of money monthly and get benefited from compound growths. Rating agency Crisil recently said that the Indian mutual funds has risen 7% in the July-September quarter with the average asset under management (AUM) grossing at over ₹13 lakh crore.

"Reliance Group and Nippon Life have strong partnership through exchanges and collaborations. This investment will strengthen both companies and contribute to further economic development of India and Japan," said Nippon Life Insurance president Yoshinobu Tsutsui.