

MAIL TODAY

Copyright © 2012 Living Media India Limited. For reprint rights

Wed, 14 Oct-15; Mail Today - Delhi; Size : 172 sq.cm.; Page : 25

Nippon Life hikes RCAM stake to 49% in biggest FDI in MF space

IN THE biggest ever foreign direct investment (FDI) in Indian mutual fund industry, Japanese giant Nippon Life Insurance (NLI) acquired 14-per cent additional stake in leading fund house Reliance Capital Asset Management Company (RCAM) for ₹1,196 crore on Tuesday hiking its stake to 49 per cent. This pegs the valuation of RCAM, which runs Reliance Mutual Fund and is part of Anil Ambani-led conglomerate Reliance Group's financial services arm Reliance Capital, at ₹8,542 crore, or \$1.3 billion.

"NLI, which holds 35-per cent stake in RCAM, today signed definitive agreements to increase its stake to 49 per cent in the Reliance Group company," RCAM said in a statement. The Boards of directors of both NLI and RCAM have approved the increase in stake by the Japanese partner.

Nippon Life buys 14% more stake in RCAM for ₹1,196 cr

"Both Reliance Capital and Nippon Life Insurance have enjoyed an extraordinary relationship in the last few years and we see this mutual respect and commitment growing stronger with time," Reliance Group chairman Ambani. NLI will invest an aggregate value of ₹1,196 crore (\$184 million) to acquire an additional 14-per cent stake in RCAM in tranches to reach 49-per cent stake. The transaction pegs RCAM's valuation at ₹8,542 crore (\$1.3 billion), the highest valuation till date for any asset management company in the country, the statement claimed.

"We believe this investment will further strengthen the ties of both companies, achieve perpetual growth and contribute to further economic development of India and Japan," NLI president Yoshinobu Tsutsui said. Post regulatory approvals, NLI would become the co-sponsor in RCAM. The name of the company will also be changed from RCAM to Reliance Nippon Life Asset Management. Nippon Life had acquired 26-per cent stake in RCAM at an aggregate value of ₹1,450 crore (\$240 million) in 2012. The transaction pegged the total valuation of RCAM at approximately ₹5,600 crore (\$920 million). Subsequently, NLI increased its stake by nine per cent to 35 per cent in February this year at an aggregate value of ₹657 crore.

PTI