

## Reliance Capital to Exit MF Biz, Use Funds to Cut Debt

**42.8% STAKE** to be sold to JV partner Nippon Life and others is expected to bring in ₹6,000 crore

### Our Bureau

**Mumbai:** Reliance Capital, the financial services business of the Anil Dhirubhai Ambani group (ADAG), has decided to exit mutual funds by selling its entire stake in to its partner Nippon Life Asset Management.

Reliance Capital will sell its 42.88% stake to Nippon Life Insurance of Japan and other financial investors in the joint venture. Nippon Life will also make an open offer to public shareholders of Reliance Nippon Asset Management (RNAM) at ₹230 per share, as required under Sebi regulations, and reach the maximum permissible promoter shareholding of 75% for listed companies.

This represents a premium of 15.5% to the minimum 60-day price as specified under Sebi Takeover Regulations. Reliance Capital will receive ₹6,000 crore through sale of its shareholding to Nippon Life Insurance at ₹230 a share, and the simultaneous Offer for Sale (OFS) to other financial investors. The entire proceeds of about ₹6,000 crore will be utilised to reduce Reliance Capital's outstanding debt by 33%.

Reliance Nippon Life had raised ₹1,500 crore through an initial public offering (IPO) that was subscribed 81 times and it was the first asset management company in India to go public in October 2017.

Reliance Nippon is the fifth largest asset management company in the country, managing assets worth ₹ 2.33 lakh crore. This is the largest FDI in India's financial services industry from Japan.

### Reliance Capital



“The monetisation of the RNAM stake is part of our value unlocking strategy. We expect this transaction, together with other deals underway, to substantially reduce RCAP's debt by over 50% in the current financial year,” said Anil Ambani, chairman, ADAG. Shares of Reliance Nippon AMC surged 7.93% to ₹235 on the news of the stake sale.

On May 24, Reliance Capital will do an OFS for 8.66% of its stake in Reliance Nippon Life Asset Management at a floor price of ₹218 per share. If the offer for OFS is oversubscribed by 5.25% of the paid up equity, the rest of the 3.41% stake will also be allotted to investors on May 27.

The existing management will continue to be led by Sundeeep Sikka, executive director and CEO, Reliance Nippon Life Asset Management Company. RNAM will continue to remain a public limited company after the open offer.