

# The Statesman

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## Nippon Life to buy 14% in RCAM

### STATESMAN NEWS SERVICE

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Representing the largest foreign direct investment in Indian mutual fund industry till date, Japan's Nippon Life today announced that it will increase its stake in Reliance Capital Asset Management Company to 49 per cent from the existing 35 per cent for Rs 1,196 crore.

Nippon Life Insurance, a Fortune 500 company and one of the largest life insurer in the world, today signed definitive agreements to increase its stake in Reliance Capital Asset Management (RCAM), a part of Reliance Capital, RCAM said in a statement issued here.

Nippon Life will be increasing its stake in RCAM from the existing 35 per cent to 49 per cent in tranches, it said.

The transaction, which

has been approved by boards of both the companies, pegs the valuation of RCAM at approximately Rs 8,542 crore or \$1.3 billion, the statement said.

Commenting on the development, Mr Anil Ambani, chairman of Reliance Group, said: "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. Together we are determined to grow our businesses multifold and have stronger footprint in India and abroad."

Mr Yoshinobu Tsutsui, president, Nippon Life Insurance, said: "Reliance Group and Nippon Life have built a strong partnership through exchanges and collaborations in various fields.

"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."

This transaction is expected to be completed within the current financial year, subject to receipt of regulatory approvals, the statement said.

Post approvals, Nippon Life Insurance would become the co-sponsor in RCAM. In line with the new shareholding structure, the name of the company will also be changed from Reliance Capital Asset Management to Reliance Nippon Life Asset Management, it said.

RCAM is the largest asset manager in India managing Rs 2,43,162 crore (\$38.3 billion) as on 30 June 2015 across mutual funds, pension funds, managed accounts and offshore funds.

Nippon Life Insurance is already a strategic partner in RCAM. The company acquired 26 per cent stake in RCAM at an aggregate value of Rs 1,450 crore (\$240 million) in 2012.

The transaction pegged the total valuation of RCAM at approximately Rs 5,600 crore (\$920 million).

Subsequently, the Japanese company increased its stake by nine per cent to 35 per cent in February this year at an aggregate value of Rs 657 crore (\$108 million) that pegged the valuation of RCAM at Rs 7,300 crore (\$1.2 billion).

Nippon Life Insurance is an over 125-year old insurer and a Global Fortune 500 company that manages over \$520 billion (Rs 33.8 lakh crore) in assets ~ amongst the largest total assets in the world for any life insurer, the company statement said.