

Nippon Life to raise stake in Reliance Life to 49 percent

Reliance Life Insurance will change its name to Reliance Nippon Life Insurance Co. Ltd in line with the new shareholding structure

Mumbai:

Japan-based Nippon Life Insurance Co. on Tuesday signed definitive agreements to increase its stake to 49% from 26% in Reliance Life Insurance.

Japan's second largest life insurance company will invest Rs.2,265 crore (\$348 million) to acquire the additional 23% stake in the company which is part of Anil Ambani-controlled Reliance Capital Ltd.

The name of the company will also be changed to Reliance Nippon Life Insurance Co. Ltd in line with the new shareholding structure.

The transaction pegs Reliance Life Insurance's valuation at ap-

proximately Rs.10,000 crore (\$1.5 billion), among the highest valuations for any life insurance company in the country, Reliance Capital said in a statement on Tuesday.

"Nippon Life Insurance's investment also represents an implied embedded value (EV) multiple of over three times for Reliance Life Insurance, the highest for any private insurer in India till date," it said.

With this transaction, Nippon would have invested an aggregate of Rs.5,327 crore (\$819 million) for acquiring 49% stake in Reliance Life Insurance.

Nippon has also committed an investment of Rs.3,303 crore (\$508 million) for acquiring 49%



stake in Reliance Capital Asset Management, thereby taking its total investment to Rs.8,630 crore (\$1.3 billion), the largest foreign direct investment (FDI) in the financial services sector.

"We are delighted that the outstanding relationship between our two companies has now grown

■ The boards of directors of both the companies have approved the increase in stake by the Japanese partner

■ This transaction is expected to be completed within the current fiscal year, subject to regulatory approvals

into an equal partnership, with Nippon Life Insurance increasing their stake—first, in our asset management business, and now, in our life insurance business—to 49%. Life insurance is one of Reliance Capital's major businesses, and we believe Nippon Life's experience of over 125 years will accelerate our growth in this space," said Anil D. Ambani, chairman, Reliance Group.