

Tokio Marine raises stake in IFFCO-Tokio JV to 49 per cent

● A GENCIES
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Japanese major Tokio Marine has hiked its stake in non-life insurance venture IFFCO-Tokio to 49 per cent by acquiring additional shares in the company for Rs 2,530 crore. Cooperative fertiliser major IFFCO had entered into general insurance business in joint venture with Tokio Marine in 2000. While Tokio Marine had 26 per cent stake in the JV, IFFCO had 72.64 per cent and Indian Potash Ltd (IPL) had 1.36 per cent.

"Tokio Marine has purchased total 6,19,43,945 shares of IFFCO-Tokio from IFFCO and IPL for a total consideration of Rs 2,530 crore," IFFCO Managing Director U S Awasthi told reporters here.

As per the agreement, IFFCO has transferred 5,82,81,173 shares of IFFCO-Tokio to Tokio Marine for Rs 2,380.4 crore while IPL sold 36,62,772 shares for Rs 149.6 crore.

The shares of face value of Rs 10 per unit were sold at Rs 408.43 per share to Tokio Marine. IFFCO has earned about 20 times more than on its original investment. The three promoters - IFFCO, IPL and Tokio Marine had invested Rs 560 crore in the company. Now the company is valued at Rs 11,000 crore.

This transaction would help IFFCO raise the required capital to focus on more agribusinesses and to better serve the interests of Indian farmers in the fast changing agriculture sector, Awasthi said. IFFCO stake will come down to 51 per cent in the JV while IPL would exit from the insurance company. "The additional share purchase is in line with Tokio Marine Group's international business strategy to achieve sustainable growth and profit expansion as well as enhance diversified business portfolio through capturing growth opportunities in emerging countries," said Arthur Lee, Chief Executive of Tokio Marine Asia.