

Reliance

**NIPPON LIFE ASSET
MANAGEMENT LIMITED**

Reliance Nippon Life Asset Management Limited

Annual Report 2018-19



Padma Vibhushan

Shri Dhirubhai H. Ambani

(28th December, 1932 - 6th July, 2002)

Founder - Reliance Group, Visionary

Profile

Reliance Nippon Life Asset Management Limited (RNAM or the Company) is one of India's largest asset management companies with a total AUM of ₹ 4.22 lakh cr. as of March 31, 2019.

The Company engages in managing mutual funds including exchange traded funds (ETFs); managed accounts, including portfolio management services, alternative investment funds and pension funds; and offshore funds and advisory mandates.

It is co-promoted by Reliance Capital and Nippon Life Insurance Company. Reliance Capital Limited, a part of the Reliance Group, is one of India's leading private sector financial services companies and ranks amongst the top private sector financial services and banking groups, in terms of assets under management. Nippon Life Insurance, founded in 1889, is one of Japan's leading private life insurers and a Fortune 500 company.

Vision statement

To be a globally respected wealth creator with an emphasis on customer care and a culture of good corporate governance.

Mission statement

To create and nurture a world-class, high performance Environment aimed at delighting our customers.

BOARD OF DIRECTORS:

Mr. Minoru Kimura
Mr. Akira Shibata
Mr. Kanu H. Doshi
Gen. Ved Prakash Malik (Retd.)
Mr. S. C. Tripathi
Ms. Ameeta Chatterjee
Mr. Sundeep Sikka – Executive Director & Chief Executive Officer
Mr. Jai Anmol Ambani (resigned w.e.f. 23/05/19)

KEY MANAGERIAL PERSONNEL:

Mr. Prateek Jain – Chief Financial Officer
Mr. Ajay Patel – Manager
Ms. Nilufer Shekhawat – Company Secretary

AUDITORS:

M/s. S. R. Batliboi & Co. LLP

REGISTERED OFFICE:

Reliance Centre, 7th Floor, South Wing,
Off Western Express Highway, Santacruz (East),
Mumbai – 400055
CIN : L65910MH1995PLC220793
Tel. : +91 22 4303 1000
Fax : +91 22 4303 7662
E-mail : rnam.investorrelation@relianceada.com
Website : www.reliancemutual.com

REGISTRAR AND TRANSFER AGENT:

Karvy Fintech Private Limited
Karvy Selenium Tower – B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
Website: www.karvyfintech.com

INVESTOR HELPDESK:

Tel. : +91 40 6716 1500
Fax : +91 40 6716 1791
E-mail : rnaminvestor@karvy.com

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**24th Annual General Meeting on Monday, September 23, 2019 at 11:30 a.m. at Hall of Culture, Ground Floor, Nehru Centre,
Dr. A. B. Road, Worli, Mumbai - 400 013.**

The Annual Report can be accessed at www.reliancemutual.com

Letter to Shareholders



Dear Shareholders,

From a nearly 2.7 trillion-dollar economy today, India is poised to cross the 5 trillion-dollar mark by 2025 as per the IMF. Economic and structural reforms are powering the momentum and strengthening our growth. From a hard working, developing economy, we are today one of the world's favourite investment destinations.

India is likely to remain the fastest growing major economy in the world. According to the IMF's latest estimates, India will become the world's fifth largest economy, pushing behind France and the UK in 2019 itself. In purchasing power parity (PPP) terms, India has become the third largest economy behind only US and China. India now contributes more than 10% to global economic growth.

In this optimistic growth scenario, the Mutual Fund Industry has a lot more to contribute. It is one of the fastest-growing industries in the country's financial services sector with 44 AMCs operating currently. The Industry's quarterly AAUM has seen a growth rate of 6% over last year to touch ₹ 24.48 lakh crore as of March 31, 2019.

In line with rushing aspirations and overall development, retail investor participation is on the rise, reflecting confidence in the category and an increasing risk appetite despite high volatility. The total number of retail investor folios increased to 8.24 crore as of March 2019, an addition of approx. 1 crore this year. Retail assets was the fastest-growing segment and contributed approx. 58% to the incremental industry assets. Retail participation remained robust, having registered 18% YoY growth.

Reliance Nippon Life Asset Management Ltd. (RNAM) has played a major role in the Industry's overall growth. With a long-term

perspective, we have been able to deliver on our core strategy and build the franchise further. We continue to focus on:

- Garnering higher share of Retail Assets
- Gaining higher share from Beyond Top 30 cities
- Expanding our product offerings across various categories
- Increasing operating efficiencies

The year gone by was an eventful one. Debt funds were in the news for dramatic outflow of funds due to defaulting of a few large corporate houses. Such defaults triggered liquidity issues and NBFC crisis resulting in flight to safety. This resulted in debt assets degrowth of 12%.

During the year, there have been significant regulatory changes such as a revised slab structure of expense ratios, adoption of full trail structure, all commission and expenses to be paid from schemes and beyond top 30 cities incentives allowed only on retail inflows. We are confident that the changes will lower costs for mutual fund investors. This will aid in greater retail participation and help in positioning mutual funds as the preferred mode of investment as compared to similar financial products.

The Company

RNAM continues to deliver on the back of a strong foundation, stable management team, prudent risk management practices, robust processes, highest standards of compliance, cutting-edge digital architecture and a customer centric approach despite all the challenges. We are pleased to share that our Equity Assets, including ETFs, rose by 13% to ₹ 1.08 lakh crore. Our folio count grew by 12% to approx. 91 lakhs.

Your Company's strength lies in garnering assets from retail investors and increasing mutual fund penetration by getting a higher share from small cities and towns. We continue to have the highest Retail AAUM of ₹ 89,911 crore driven by a strong on-ground presence and robust distribution network. Further, our retail assets have grown by approx. ₹ 16,700 crore in the last 12 months – the highest in the Industry. Our Retail AAUM contribution to Total AAUM is amongst the highest in the Industry at 39%.

Volatile markets didn't dampen the sentiment of retail investors and they continue to invest during the year in a structured manner for wealth creation indicative of their evolving behaviour and maturity. Our annualised Systematic Investment Plan (SIP) book grew by 14% to ₹ 10,300 crore and our SIP count increased by 21% to 31 lakhs. Over 78% of the incremental SIPs have a tenure of over 5 years.

RNAM growth in 'Beyond Top 30 Cities' is a testimony to our perseverance and commitment towards the inclusive growth of our nation. We continue to be amongst the leaders in this segment, which contributed AUM of more than ₹ 45,000 crore. Nearly 20% of our total assets are sourced from this segment, as against 15% for the Industry.

We are immensely happy to share that we have successfully raised ₹ 27,000 crore via two further Fund Offers of CPSE ETF with participation across all investor categories. RNAM is the second-largest ETF player with a market share of approx. 18% in the segment.

Distribution

Distribution is a critical link between consumers and company. We went a step ahead and created a well-diversified distribution model. Ensuring we reach out to every household in India, we have championed this model to de-risk business and enable us to spread our wings further and wider. Your Company remains well diversified in terms of distribution, with no single distributor contributing to more than 5% of the total mutual fund AUM. Our distributor count went up from 65,300 in March 2018 to more than 73,400 as of March 2019.

Digital

Your Company has been investing in digital assets and has a significant online presence to capture the business of tech-savvy investors. We are happy to inform you that RNAM partnered with Google to launch voice based financial transactions, which is a first of its kind in the Industry. Our investments in the digital ecosystem is yielding results and digital purchase transactions, including SIP, rose to 10.85 lakh in FY19 – a growth of 47%. On average, RNAM processed one online purchase transaction every 30 seconds. Over one-third of purchase transactions are happening on our Digital Assets and Integrations.

On-Ground Presence

Your Company has a vast pan-India distribution network, with a presence in 300 locations. We continue to focus on locations beyond the Top 30 cities to expand the market and enable new investors to join in this wealth creation journey.

AIF

AIF is emerging as the next engine of growth. Its flexible structure allows us to explore different niche investment strategies to generate superior risk adjusted returns for investors. Your

Company continues to be at the forefront of innovation and diversified product offerings. This year, Reliance AIF launched the Industry's first Commodity Fund and Offshore Real Estate Fund. Reliance AIF has commitments of over ₹ 2,500 crore across various AIF schemes.

International Business

This year, we launched UCITS India Fixed Income Fund, domiciled out of Dublin. The Fund is expected to target Asian and European investors for both retail and institutional clients. Additionally, we will continue to work closely with Nippon Life Insurance to leverage their global tie-ups for attracting higher flows from international investors. We believe this is an opportunity for attracting a higher share of flows into India and is part of our profitable growth strategy. RNAM is managing and advising AUM of approx. ₹ 8,600 crore from offshore business.

People

Employees are the key pillar for the success of any AMC business and we continue to have a focused approach towards employee development and engagement. Over 70% of our leaders are home grown. Your Company has been recognised twice as AON Best Employer – in 2016 and 2018 and has also featured in India's Best Companies to Work For in 2018 by Great Place to Work. The accolade came in thanks to our high focus on people, culture and some of the best HR practices.

Outlook

The unique mutual fund investors in the Industry are still below 2 crore compared to India's population of over 130 crore. We believe that the Mutual Fund Industry is still in a nascent stage and has huge opportunity for growth and expansion. Being one of the large players in the Industry, we will continue investing in growing the market size, achieving product innovation, educating investors, increasing our distribution reach, and enhancing our customer service infrastructure with a continued focus on profitable growth.

Along with you, we look forward to being part of an expanding, enriching growth story in the years to come.

Sincerely,



Sundeep Sikka

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of Reliance Nippon Life Asset Management Limited will be held on Monday, September 23, 2019 at 11.30 A.M. at Hall of Culture, Ground Floor, Nehru Centre, Dr. A. B. Road, Worli, Mumbai – 400 013 to transact the following businesses:

ORDINARY BUSINESS:

- (1) To consider and adopt:
 - a. the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and that of the Auditors' thereon; and
 - b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.
- (2) To confirm the 1st Interim Dividend of Rs. 3 per equity share as well as 2nd Interim Dividend of Rs. 3 per equity share, as already paid for the financial Year 2018-19.
- (3) To appoint a director in place of Mr. Minoru Kimura (DIN 07497568), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

- (4) **Appointment of Mr. Mahadevan Veeramony as a Non-executive Independent Director**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification/s or re-enactment/s thereof for the time being in force) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Articles of Association of the Company, Mr. Mahadevan Veeramony (DIN: 00820580), who has already submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and the Rules framed thereunder and Regulation 16(1)(b) of the

Listing Regulations and being eligible, and in respect of whom a written Notice pursuant to Section 160 of the Act, has been received by the Company from a member, signifying the intention to propose the candidature of Mr. Mahadevan Veeramony as a Director of the Company and which has been recommended by the Nomination & Remuneration Committee of the Company, be and is hereby appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years w.e.f. September 23, 2019.

RESOLVED FURTHER THAT any Director and/ or the Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto."

By Order of the Board of Directors
For **Reliance Nippon Life Asset Management Limited**

Nilufer Shekhawat
Company Secretary
Membership No.: A - 23264

Registered Office:

Reliance Centre, 7th Floor,
South Wing, Off Western Express Highway,
Santacruz (East) Mumbai - 400055
CIN: L65910MH1995PLC220793
Website: www.reliancemutual.com

Date: August 17, 2019

Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of him/ her and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be valid, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting.**
3. Attendance slip, Proxy form and route map of the venue of the meeting are annexed hereto.

4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy; however such person shall not act as proxy for any other shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
5. Corporate members intending to send their authorised representative(s) together with their specimen signatures to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
6. Members / Proxies are requested to bring to the meeting, their duly filled attendance slip sent herewith along with their copy of the annual report.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the Meeting to facilitate identification of members at the Meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Statutory Auditors of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
10. Members holding shares in electronic form are requested to intimate about change in their address or bank mandates (if any) to their Depository Participants, with whom they are maintaining their Demat accounts, since neither the Company nor its Registrar and Transfer Agent can change bank particulars or bank mandates in respect of shares held in electronic form.
11. Members holding shares in physical form are requested to advise change of address or bank mandates (if any) immediately to the Company / Registrar and Transfer Agent i.e. Karvy Fintech Private Limited ("Karvy").
12. Non-Resident Indian members are requested to inform Karvy immediately on:
 - a. the change in the residential status on return to India for permanent settlement; and
 - b. The particulars of the bank account(s) maintained in India with complete name, branch, and account type, account number and address of the bank, if not furnished earlier.
13. Re-appointment of Director:
 At the ensuing Annual General Meeting, Mr. Minoru Kimura (DIN: 07497568), is liable to retire by rotation in terms of section 152(6) of the Act and, being eligible, has offered himself for re-appointment.
14. Pursuant to the provisions of Sections 124 and 125 of the Act, there is no amount of Dividend remaining unclaimed / unpaid for a period of 7 (seven) years and/or unclaimed Equity Shares which are required to be transferred to the Investor Education and Protection Fund (IEPF).
 Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the IEPF. In addition, all equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF authority within a period of thirty days of such equity shares becoming due to be transferred to the IEPF.
 Pursuant to Rule 5(8) of Investor Education and Protection Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on September 18, 2018 (date of last AGM) on its website at <https://www.reliancecapital.com/investor-service/customer-service/rnam-shareholders-investors> and also on the website of the Ministry of Corporate Affairs.
15. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.

16. **The Securities and Exchange Board of India (SEBI) has decided that securities of listed companies can be transferred only in dematerialised form from December 5, 2018. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialize shares held by them in physical form.**
17. Members holding shares in electronic mode:
- (a) are requested to submit their Permanent Account Number (PAN) and bank account details to their respective DPs with whom they are maintaining their demat accounts.
 - (b) are advised to contact their respective DPs for registering the nomination.
 - (c) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
18. SEBI vide its circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, with a view to protect the interest of the shareholders, has mandated to all the members who holds securities of the company in physical form, to furnish to the company/ its registrar and transfer agent, the details of their valid PAN and bank account. To support the SEBI's initiative, the Members are requested to furnish the details of PAN and bank account to the Company or Karvy, the Company's Registrar and Transfer Agent.
19. SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
20. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to Karvy Fintech Private Limited, Karvy Selenium Tower – B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032 or call on Tel.: +91 40 6716 1500; Fax: +91 40 6716 1791/ E-mail: rnaminvestor@karvy.com. The prescribed form in

this regard may also be obtained from Karvy at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.

21. Members who have not registered their E-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communications from the Company electronically.
22. In compliance with the provisions of Section 108 of the Act read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated August 17, 2019 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. September 16, 2019 only shall be entitled to avail the facility of remote e-voting/voting. Karvy, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 19, 2019 to 5:00 P.M. on September 22, 2019. The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.

The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting.

The Board of Directors has appointed Mr. Mukesh Siroya of M/s M. Siroya & Company, as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit his report to Mr. Kanu H. Doshi or any person authorized by him after completion of the scrutiny and the results of voting will be announced after the meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.reliancemutual.com and on the website of Karvy.

Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 to the accompanying notice dated August 17, 2019

Item No. 4: Appointment of Mr. Mahadevan Veeramony as Non-executive Independent Director

The Nomination & Remuneration Committee and the Board of Directors of the Company have recommended the appointment of Mr. Mahadevan Veeramony as a Non-executive Independent Director effective from the date of the Annual General Meeting to hold office for a term of 5 (five) years, not liable to retire by rotation, by ordinary resolution.

Mr. Mahadevan Veeramony, aged 60 years is a Chartered Accountant and Company Secretary with over 32 years of experience with leading Corporates in India covering a wide segment of the financial services industry for 18 years and as an entrepreneur for 14 years (since 2004). He has the benefit of working with established brands in both the public sector and private sector including multinational companies which has helped in gaining valuable insight into the functioning of each of these sectors. The sectors include Investment Advisory Services, Mutual Fund Industry, Insurance Industry, Wealth Management Services, Banking covering various products and services like Retail Financial Products Distribution, Retail Forex, Commodities like Gold, in addition to customer acquisition for Online Broking. He has worked across various client segments like High Networth Individuals, Corporates, Trusts, Financial Institutions and Retail Investors across India.

His areas of Specialization and Expertise include running large divisions / profit centres on Pan India basis with emphasis on establishing leadership position for the divisions, ensuring proper control and compliance systems that are routinely monitored and implemented, efficient cost control and productivity enhancement measures, focus on team work leading to self-motivation and career building of the team members.

Keeping in view of his vast knowledge and expertise, it will be in the interest of the Company to appoint Mr. Mahadevan Veeramony as the Non-executive Independent Director to hold the position up to 5 years commencing from the date of the Annual General meeting i.e. 23rd September 2019 and that he shall not be liable to retire by rotation.

The Company has received a declaration from Mr. Mahadevan Veeramony to the effect that he meets the criteria of independence as provided in Section 149(6) of the

Companies Act, 2013 ("Act"), read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board of Directors, Mr. Mahadevan Veeramony is independent of management and fulfils the conditions specified under the Act and the Listing Regulations for appointment as an Independent Director.

As required under Section 160 of the Act, the Company has already received a notice from a member proposing the candidature of Mr. Mahadevan Veeramony for appointment.

Mr. Mahadevan Veeramony is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as such. The details of the Director sought to be appointed as Independent Director are set out in the Annexure to the Notice.

In compliance with the provisions of Section 149, read with Schedule IV to the Act and Regulation 17 of the Listing Regulations, the appointment of Mr. Mahadevan Veeramony as Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item 4 of the accompanying Notice for approval by the Members of the Company.

Save and except Mr. Mahadevan Veeramony and his relatives, none of the other Directors, Key Managerial Personnel ("KMP") and their relatives is concerned or interested, financially or otherwise, in this resolution.

Mr. Mahadevan Veeramony is not related to any Director or KMP of the Company

By Order of the Board of Directors
For **Reliance Nippon Life Asset Management Limited**

Nilufer Shekhawat
Company Secretary
Membership No.: A – 23264

Registered Office:

Reliance Centre, 7th Floor,
South Wing, Off Western Express Highway,
Santacruz (East) Mumbai - 400055
CIN: L65910MH1995PLC220793
Website: www.reliancemutual.com

Date: August 17, 2019