

Reliance Nippon Life Asset Management Limited

Issue Snapshot:

Issue Open: Oct 25 – Oct 27, 2017

Price Band: Rs. 247 – 252

Issue Size: 61,200,000 Equity Shares
(Fresh Issue of 24,480,000 eq sh + Offer for sale of 36,720,000 eq sh)

Offer Size: Rs.1511.64 crs – 1542.24 crs

QIB	Upto	30,600,000 eq sh
Retail	atleast	21,420,000 eq sh
Non Institutional	tleast	9,180,000 eq sh

Face Value: Rs 10

Book value: Rs 28.10 (June 30, 2017)

Bid size: - 59 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs. 587.52 cr
Post issue Equity:	Rs. 612.00 cr

Listing: BSE & NSE

Global Co-Ordinator and Book Running Lead Manager: JM Financial Institutional Securities Limited, CLSA India Private Limited, Nomura Financial Advisory and Securities (India) Private Limited, Axis Capital Limited,

Book Running Lead Manager: Edelweiss Financial Services Limited, IIFL Holdings Limited, SBI Capital Markets Limited, YES Securities (India) Limited

Registrar to issue: Karvy Computershare Pvt Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	*Post issue %
Promoter and Promoter Group	95.57	85.75
Public & Others	4.43	14.25
Total	100.0	100.0

Background & Operations:

Reliance Nippon is one of the largest asset management companies in India, managing total AUM of Rs. 3,625.50 billion as of June 30, 2017. It is involved in managing (i) mutual funds (including ETFs); (ii) managed accounts, including portfolio management services, alternative investment funds ("AIFs") and pension funds; and (iii) offshore funds and advisory mandates. It is ranked the third largest asset management company, in terms of mutual fund quarterly average AUM ("QAAUM") with a market share of 11.4%, as of June 30, 2017. It started its mutual fund operations in 1995 as the asset manager for Reliance Mutual Fund, managed QAAUM of Rs. 2,229.64 billion and 7.01 million investor folios, as of June 30, 2017. The company managed 55 open-ended mutual fund schemes including 16 ETFs and 174 closed ended schemes for Reliance Mutual Fund as of June 30, 2017. It has a pan-India network of 171 branches and approximately 58,000 distributors including banks, financial institutions, national distributors and independent financial advisors ("IFAs"), as of June 30, 2017.

As part of the company's managed accounts business, it provides portfolio management services to high net worth individuals and institutional investors including the Employees' Provident Fund Organisation ("EPFO") and Coal Mines Provident Fund Organisation ("CMPFO"). As of June 30, 2017, it managed total AUM of Rs. 1,503.93 billion as part of its managed accounts business. It manages offshore funds through its subsidiaries in Singapore and Mauritius and has a representative office in Dubai, which enables it to cater to investors across Asia, Middle East, UK, US, and Europe. As of June 30, 2017, the company managed total AUM of Rs. 22.07 billion as part of its offshore fund management portfolio. It also acts as the advisor for India focused equity and fixed income funds in Japan and South Korea. Further, as of June 30, 2017, it managed Rs. 52.77 billion of international advisory mandates.

Reliance Nippon is promoted by Reliance Capital Limited ("Reliance Capital"), an RBI registered non-banking finance company with business interests including in asset management and mutual funds, life, health and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction and proprietary investments. Reliance Capital Limited is a part of Reliance Group (Anil Ambani), which has business interests in financial services, telecommunications, power, energy, infrastructure, and defense. Its co-promoter, Nippon Life Insurance Company ("Nippon Life") is one of the leading private life insurers in Japan with assets of approximately US\$ 577.00 billion, as of March 31, 2017. Nippon Life offers a wide range of financial products, including individual and group life and annuity policies.

Objects of Issue:

The Offer consists of the Fresh Issue and the Offer for Sale. The Promoter Selling Shareholders propose to sell an aggregate of up to 36,720,000 Equity Shares held by them. Reliance Nippon will not receive any proceeds from the Offer for Sale.

Objects of the Fresh Issue

The objects for which the Company intends to use the Net Proceeds are as follows:

- Setting up new branches and relocating certain existing branches;
- Upgrading the IT system;
- Advertising, marketing and brand building activities;
- Lending to its Subsidiary (Reliance AIF) for investment as continuing interest in the new AIF schemes managed by Reliance AIF;
- Investing towards its continuing interest in new mutual fund schemes managed by it;
- Funding inorganic growth and other strategic initiatives; and
- Meeting expenses towards general corporate purposes.

Requirement of funds
Rs in million

Particulars	Amount
Setting up new branches and relocating certain existing branches	383.1
Upgrading the IT system	406.5
Advertising, marketing and brand building activities	720.9
Lending to its Subsidiary (Reliance AIF) for investment of continuing interest in the new AIF schemes managed by Reliance AIF	1,250.0
Investing towards its continuing interest in new mutual fund schemes managed by it	1,000.0
Funding inorganic growth and strategic initiatives	1,650.0
General corporate purposes	*
Total	*

Competitive Strengths

- Leading Asset Management Company with Strong Credentials to Drive Growth.
- Multi Channel Distribution Network.
- Comprehensive Suite of Products with Distinguished Investment Track Record.
- Strong Focus on Processes.
- Focus on Customer Centricity and Innovation.
- Experienced Management Team

Business Strategy:

- Expand Investor Base and Focus on Retail Customers
- Focus on Developing AIF Business
- Leveraging Technology to Improve Investor Experience.
- Expand Overseas Operations.
- Continue to Focus on Robust Investment Process and Product Innovation.

Key Concerns:

- Legal proceedings against the Company, its Subsidiaries, Promoters, Directors and Group Companies;
- Decline in growth, value and composition of AUM of the schemes managed by Reliance Nippon;
- Underperformance of investment products in respect of which it provide asset management services;
- competition;
- Dependence on the Reliance Group and Nippon Life for certain aspects of Reliance Nippon's business and operations;
- Termination of investment management agreement and other business commitments by the counter-parties;
- Change in regulations applicable to its industry; and
- Non-identification of targets for which Net Proceeds are proposed to be utilised.

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