

July 27, 2020

**BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001

**BSE Scrip Code: 540767**

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai 400 051

**NSE Scrip Symbol: NAM-INDIA**

Dear Sir(s),

**Sub.: Intimation to stock exchanges about the factual change in status of holdings and nature of holdings of erstwhile promoter and implications for public shareholding**

This is to inform you that the board of directors ("**Board**") of Nippon Life India Asset Management Limited ("**Company**") has, on 27 July 2020, considered in detail the current factual position relating to the shareholding of the erstwhile promoter viz. Reliance Capital Limited ("**RCL**"). As a consequence of such review and legal advice, it is clear that continuing to depict RCL as a "promoter" and thereby suggesting that RCL is one of the persons in control of the Company would be a mis-statement and public misrepresentation by the Company, which needs to be rectified. Therefore, it has been resolved that RCL would not be depicted as part of the "Promoter and Promoter Group" and would henceforth be depicted in the category of "Public Shareholders".

**Brief Background**

A brief and yet detailed narration of the factual developments leading to the current position would be appropriate, and is set out below:

1. As you may be aware, Nippon Life Insurance Company ("**NLI**"), RCL and the Company entered into a share purchase agreement on May 23, 2019 ("**SPA**"), which entailed a change of control, and by which NLI agreed to acquire such number of equity shares from RCL that would take NLI's shareholding in the Company up to a maximum of 75% of the equity share equity capital of the Company.
2. At the execution of the SPA, each of NLI and RCL held 42.88% of the equity share capital of the Company, with the remaining 14.24% being held by the public.
3. By the SPA, NLI triggered the mandatory open offer under Regulation 3 and Regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations**").

4. Even while the offer period was underway, in May 2019 and June 2019, RCL sold down shares representing 10.75% in the equity share capital of the Company through two 'offer for sale' transactions ("**OFS**"). At this stage, even taking RCL's holding as part of non-public shareholding, the Company became compliant with the minimum public shareholding requirements prescribed under the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**") ("**MPS Requirements**") with NLI and RCL holding 42.88% and 32.12% respectively and the public holding remaining 25% in the equity share capital of the Company.
5. Under the open offer, in August 2019, NLI acquired shares representing 10.59% of the equity share capital of the Company and reached an individual stake of 53.47%, with RCL being left with holding of 32.12%. Taking RCL too as part of the non-public shareholding, the public shareholding contracted to 14.41% and the aggregate non-public shareholding increased to 85.59% of the equity share capital of the Company.
6. Thereafter, in line with its commitment under the SPA to bring down its stake, in September 2019, RCL sold further shares representing 6.31% of the equity share capital of the Company through another OFS, and the aggregate non-public shareholding fell to 79.28% of the equity share capital of the Company.
7. The SPA was completed on 27 September 2019, with NLI acquiring shares representing 21.54% of the equity share capital of the Company from RCL, taking NLI's stake to 75%. At this stage, RCL held a mere 4.28% and the other public shareholders held 20.72% respectively, in the equity share capital of the Company.
8. NLI had agreed in the SPA to cap its stake at 75% while RCL had agreed to ensure compliance with MPS Requirements. The SPA explicitly evidenced and documented a complete change in control over the Company, with NLI having exclusive control over the Company.
9. Therefore, the SPA and the Letter of Offer under the Takeover Regulations, which open offer was also endorsed by the committee of independent directors of the Company and reviewed by SEBI, made it explicitly clear that NLI would be the sole controlling shareholder of the Company and RCL would cease to be in control over the Company.
10. Meanwhile, supervening developments took place that has now factually rendered the question moot. Equity shares of the Company held by RCL to the extent of 3.35% and pledged to lenders were invoked by one lender based on some default by RCL and such invocation has now left RCL with a mere 0.93% of the equity share capital of the Company. These invoked shares are now owned by a scheduled commercial bank, which by definition and regulatory edict is widely held and is clearly a part of public shareholding.

11. A further supervening development is that (based on an intimation made by RCL to the stock exchanges) an order has been passed by the Hon'ble Delhi High Court on November 20, 2019 restraining RCL from directly or indirectly or otherwise disposing of its assets. It is also understood that the Debts Recovery Tribunal has also passed a similar order against RCL on December 3, 2019.
12. Therefore, for every substantive requirement stipulated under the LODR Regulations, RCL cannot by any stretch be considered a promoter, and in fact, is now restrained by court orders from disposing of the minuscule stake of 0.93%, to which level it has fallen with RCL continuously selling shares from time to time before such restraints were imposed. It is noteworthy that there are other public shareholders who hold more than the 0.93% that is held by RCL.

### **Legal Principles**

The Board has had the peculiar factual matrix summarised above examined legally to determine as a matter of law, what the legal position of the Company would be. The Board obtained detailed opinions and also discussed the implications while considering this decision. In a nutshell, the following reasoning weighed with the Board:

### **Promoter – Concept and Meaning:**

13. The term “promoter” has been defined in Regulation 2(1)(oo) the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, which have been replaced by the ICDR Regulations in 2018 (“**ICDR Regulations**”). From even a plain reading of the said definition of “promoter” (which is no doubt an inclusive definition), it is clear that the essential feature of a “promoter” is that the person in question must have control over the affairs of the listed company in question. That apart, such person could have been named in an offer document relating to securities of the listed company as a promoter, or could have been identified by the listed company as a promoter in its returns under the Companies Act, 2013. If none of these conditions are met, but if the person in question is someone in accordance with whose advice, directions or instructions, the board of directors of the listed company are accustomed to act, such person could still fall into the meaning of the term “promoter”.
14. The definition of “promoter” is indeed an inclusive one, but clearly the illustrative explanation of who is a promoter throws light on what characteristics would have to be met by a person who does not directly fall in these inclusive illustrations. Therefore, it is clear from a plain reading of the aforesaid brief background that:
  - 14.1 RCL is not a person in control of the Company. After the SPA was acted upon, RCL sold and gave up control over the Company, and such a position was even made clear to the

public at large in the course of implementing the above mentioned open offer;

- 14.2 The latest offer document relating to the securities of the Company is the Letter of Offer relating to NLI's open offer for shares of the Company under the Takeover Regulations. The Letter of Offer makes it abundantly clear that NLI would have exclusive control over the Company and therefore, there is no question of RCL being named as a promoter in the offer document;
- 14.3 The Board cannot identify RCL as a person in control under company law in view of the absence of control in the hands of RCL, since doing so would be contrary to the factual public position relating to control over the Company;
- 14.4 It is also clear from the above that the Board cannot be said to be accustomed to act in accordance with the advice, instructions or directions of RCL;
- 14.5 Consequently, there is no question of RCL falling into the category of "promoter" by application of the legal definition of the term "promoter" under the ICDR Regulations, and thereby for all purposes of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**").
15. Accordingly, it is clear, as explained above, that RCL is not a person that would fit within any facet of the definition of "promoter" under the ICDR Regulations, and therefore, the LODR Regulations. Moreover, RCL does not even have any contractual relationship with NLI or the Company for being represented on the Board of the Company or to have any management rights in the Company or any special rights through any shareholders' agreement.

#### **Principles-Based Regulations:**

16. It was also noted that SEBI has taken meticulous care in the LODR Regulations to deal with situations such as these, whereby incongruity can emerge in the operation of the provisions imposing obligations and the factual situation at hand. Towards this end, Regulation 4 was inserted to ensure that the LODR Regulations are a principles-based regulations, taking care to provide that any conflict between the provisions imposing obligations and the principles would lead to the principles prevailing.
17. Based on the principles laid down in Regulation 4 of the LODR Regulations, the Company is required to comply with the requirements and obligations under the LODR Regulations in letter and spirit; review information and ensure it is disclosed timely; and ensure that there is no misrepresentation and inaccuracy in disclosures made under the requirements.



18. Therefore, applying such principles to the facts of the Company as explained above, any interpretation or action that would result in a misrepresentation about who is in control of the Company by declaring who the promoters are wrongly in substance would be a misrepresentation that is forbidden under the principles laid down in the LODR Regulations. Likewise, when new developments take place, it is the duty and obligation of the Company towards the public shareholders and the public at large to disclose every new development to the public and ensure that the disclosures are accurate.

#### **Regulation 31A:**

19. In order to re-classify any person as per the procedure laid down in Regulation 31A of the LODR Regulations, a person whose shareholding is sought to be reclassified must be a promoter to begin with. It is evident from the above explanations that RCL is not a promoter of the Company. Regulation 31A(3)(a) of the LODR Regulations suggests that only a person who is a promoter should formally apply for reclassification, and accordingly, a person who is no longer a promoter due to supervening events as in the case of the Company would not need reclassification.
20. Every single requirement stipulated in Regulation 31A(3)(b) of the LODR Regulations is met in the case of the Company. RCL is certainly not in control; holds even less than 1% of the equity share capital of the Company; has no representation on the Board of Directors; has no say in the management of the Company; has no right to appoint any key managerial personnel, and so on.
21. Due to the restraint orders from courts, it is impossible for RCL to dispose of the miniscule stake of 0.93% that it currently holds.
22. Continued disclosure of RCL as a promoter would be a material misrepresentation, which is forbidden by Regulation 4 of the LODR Regulations. Therefore, it would be wrong on the part of the Company to render continued depiction of RCL as a promoter and this would amount to a misrepresentation and the Board would be violating the stipulated principles if they were to treat RCL as a promoter.

#### **Compliance with Minimum Public Shareholding Requirements**

23. Based on the above explanation and due to the fact that 3.35% shareholding in the Company held by a scheduled commercial bank is already depicted as public shareholding, the Board believes and is advised that the only right step to take is to stop classifying RCL as a promoter. Consequently, RCL, with a 0.93% stake, and a restraint order on disposing of such stake, would only have to be shown in the "Public Shareholders" category. Consequently, the Company, without any planning or intent or specific action on its part, is faced with a situation where it is, as a logical corollary, compliant with the minimum public shareholding requirements prescribed under the

Securities Contracts (Regulation) Rules, 1957.

We request you to kindly take the above on record and re-classify RCL from the "Promoter and Promoter Group" category to "Public Shareholders" category in your records.

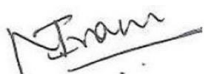
We would be pleased to furnish any clarifications or additional information as may be required by you in support of this letter.

Thanking you.

Yours faithfully,

For **Nippon Life India Asset Management Limited**

(formerly **Reliance Nippon Life Asset Management Limited**)

A handwritten signature in black ink, appearing to read "Nilufer".

**Nilufer Shekhawat**

**Company Secretary & Compliance Officer**