

## Better days seen ahead for Reliance Nippon MF

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The outlook for India's first to be listed mutual fund house Reliance Nippon Life Asset Management earlier Reliance Mutual Fund is improving at a time when its promoter are going through a difficult phase.

Reliance Nippon Life Asset Management reported Rs 144.93 crore fourth quarter profit after tax and annual profit of Rs 475.17 crore, both a tad lower than same period last financial year.

Brokerages are bullish about Reliance Nippon Life Asset Management expecting higher profitability in coming quarters as fees



Anil Ambani

and expenses declined during the last financial year by 39.2 per cent as payment of upfront commission has stopped. Other expenses also declined by 47.1 per cent.

Management also stated that it had lowered costs by

controlling discretionary expenditure.

"We are encouraged by the cost control shown in fourth quarter of FY19 and hope that it continues into the future. Additionally, we are excited by the prospects of exit of ADAG as promoter, which we believe will aid fund raising from HNIs and institutions," analysts from HDFC Securities said.

"Reliance Nippon Life Asset Management managed to stabilize revenue yields during the quarter amid softening asset under management (AUM) growth and high redemption pressure. With the normalization of revenues and operating expenses recognition as per new Sebi

norms, profit after tax yields should stabilize," analyst from Emkay Global Financial Services said.

Also brokerages are expecting growth of its assets under management (AUM) by 10 to 11 per cent in FY 19-20 and FY 20-21.

"Mutual Fund Industry remains underpenetrated and presents a huge untapped potential. Industry faced multiple headwinds during the year due to regulatory changes, market volatility and credit events.

However, post elections, we expect much stronger growth," said Sundeep Sikka, Executive Director & CEO, Reliance Nippon Life Asset Management.