FINANCIAL Chronicle

Mon, 17 Apr-17; Financial Chronicle - Delhi; Size : 143 sq.cm.; Page : 4

Regulator asks MFs to explain promoter group exposure to AUMs

FC BUREAU

New Delhi

SEBI has asked several mutual fund houses to explain the rise in fund inflow from promoter group entities and associates to their overall assets under management.

While the regulator has been asking the fund houses to take steps to expand their asset base to smaller cities and retail investors, there has been a surge in the percentage of the contribution from promoter and sponsor group entities for several fund houses in the top-ten list.

Taking note of reports in this regard, Sebi has written to the fund houses to seek their comments on this trend, sources said. The fund houses have been asked to reply by April 18.

The asset under management (AUM) of top 10 fund houses rose by 40 per cent in 11 months period till February 2017 of the last fiscal, during which their dependence on promoter groups went up by 4 per cent, according to an analysis of the Association of Mutual Funds of India data. This rise meant that sponsors of fund houses continue to drive inflows with top 10 AMCs netting Rs 57,616 crore till February, which is nearly 4 per cent of their total AUM of Rs 14,88,750 crore.

These 10 players had an assets base of Rs 10.84 lakh crore in March 2016, which rose to Rs 14.89 lakh crore in February 2017. Against this, for the entire fiscal 2015-16, sponsors' contribution was Rs 40,593 crore, or 3.75 per cent of the total AUM.

In absolute terms, Birla Sunlife MF had the highest contribution of Rs 16,176 crore from group companies followed by ICICI Prudential MF that had around Rs 9,171 crore investments from sponsors.

The top 10 players are ICICI Prudential Mutual Fund (MF), HDFC MF, Reliance MF, Birla Sunlife MF, SBI MF, UTI MF, Kotak Mahindra Mutual Fund, Franklin Templeton MF, DSP BlackRock MF and IDFC MF.