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Goldman is 8th MNC to sell India MF biz, Rel Cap buys it for ₹243 cr

HT Correspondent

■ letters@hindustantimes.com

NEW DELHI: In a move that extends the trend of foreign fund houses selling off Indian businesses in an increasingly competitive environment in the country, Anil Ambani-led Reliance Capital on Wednesday announced the acquisition of the Indian mutual fund business of Goldman Sachs for ₹243 crore in an all-cash deal.

Goldman Sachs Asset Management had ₹7,132 crore in assets under management (AUM) as on September 30. The company manages 12 mutual fund schemes, including 10 exchange-traded funds. Reliance Capital AMC, India's largest, has ₹2.55 lakh crore in AUMs across mutual funds, pension funds, managed accounts and offshore funds.

The acquisition will bring ETFs of central public sector Enterprises to Reliance Capital. Goldman Sachs is currently the

TAKING THE EXIT ROUTE

Goldman Sachs is the eighth foreign company to exit the Indian mutual fund industry in the last three years

Seller*	AUM#	Exit date	Buyer
Fidelity Worldwide	₹8,800 cr	March 2012	L&T Finance
Daiwa Mutual Fund	₹266 cr	June 2013	SBI Mutual Fund
Morgan Stanley Invest. Management	₹3,290 cr	Dec 2013	HDFC Asset Management
ING Investment Management India	₹1,100 cr	May 2014	Birla Sun Life AMC
Pinebridge Mutual Fund	₹660 cr	Sept 2014	Kotak Mahindra AMC
Deutsche Bank	₹20,720 cr	Aug 2015	Pramerica Mutual Fund
Goldman Sachs	₹7,132 cr	Oct 2015	Reliance Capital

*Asset management company; #Assets under management; all deal sizes are not known

exclusive fund manager for CPSE ETF, with ₹2,172 crore of AUMs.

"Goldman Sachs has a strong bouquet of schemes and a talented team. We are confident that together they will complement

and enhance Reliance Capital AMC's overall offerings to our investors," said Sam Ghosh, executive director, Reliance Capital.

Goldman Sachs' exit makes it the seventh foreign fund house

to exit India in the last four years (see graphic).

Apart from a limited reach, foreign MFs are also unable to profit from high marketing and distribution costs.

In the case of Goldman Sachs MF, it was the continued focus on ETFs that led to its low performance in India, as ETFs have so far had narrow success in India. "The firm continued to focus on ETFs even when it failed to take off as fast as they had expected. ETFs are still pre-mature in India. Instead, Goldman Sachs should have launched more open-ended funds to grow its assets," said Srikanth Meenakshi, co-founder and COO, FundsIndia.com.

The Indian mutual fund industry has 43 fund houses. In the July-September quarter, the industry's average AUM was a little over ₹13 lakh crore. The top three fund houses itself had close to ₹5 lakh crore in AUMs.