

REL MF TO BUY GOLDMAN SACHS BIZ

ANIL AMBANI'S CO WILL ACQUIRE GS MUTUAL FUND BUSINESS IN INDIA IN AN ALL-CASH DEAL WORTH ₹ 243 CR

SNS & PTI

Mumbai, 21 October

Reliance Capital Asset Management (RCAM), a part of Mr Anil Ambani's Reliance Cap, today announced the acquisition of Goldman Sachs mutual fund business in India ~ currently valued at Rs 7,132 crore ~ in an all-cash deal worth Rs 243 crore or \$37.5 million.

Boards of both the companies have endorsed the transaction. This is the first major takeover by Reliance Cap. RCAM will now own all the 12 on-shore mutual fund schemes of Goldman Sachs Asset Management. It will also facilitate Reliance Mutual Fund to become exclusive fund manager for the government's ambitious Central public sector enterprises exchange traded fund which was mandated to GS last year to manage CPSE-ETF through which the gov-

ernment has raised Rs 4,000 crore via disinvestment route. Goldman Sachs had entered the Indian mutual fund industry in 2011 with acquisition of Benchmark Mutual Fund for Rs 120 crore. In the past few years, a number of global players have exited the Indian mutual fund business.

In short it is management of sale of stakes in public sector undertakings. GS is the latest off-shore fund manager to sell its MF business after Standard Chartered sold its to IDFC, Fidelity to L&T Finance in 2012 and last year HDFC took over Morgan Stanley's MF business. Birla Sunlife acquired ING MF, Kotak MF took over PineBridge MF and Pamerica bought Deutsche Bank's MF management. The total MF business in India is worth Rs 13 lakh crore, analysts say.

Mr Sam Ghosh, ED, Reliance Cap said: "This

MUTUAL MOVE



- Boards of both the companies have endorsed the transaction. This is the first major takeover by Reliance Cap
- The transaction is expected to be completed by the end of this fiscal year, subject to necessary regulatory approvals
- RCAM will now own all the 12 on-shore mutual fund schemes of Goldman Sachs Asset Management

acquisition by RCAM is an important first step in our overall strategy to strengthen our business through selective inorganic growth. GSAM has a strong bouquet of schemes and a talented team. CEO of R Cap Sundeeep Sikka said: "We will ensure that we maintain seamless continuity for all GSAM India fund investors

across all schemes. "We will ensure we maintain seamless continuity for all GSAM India fund investors across all schemes. Going forward we would be willing to consider more such acquisitions that add to our strength and complement our portfolio."

"The transaction is expected to be completed by

the end of this fiscal year, subject to necessary regulatory approvals," the two firms said in a joint statement.

"We feel this business is best positioned to achieve long-term success under the direction of an asset manager with an established on-shore franchise. We are deeply encouraged by the

growing investor demand and government support for the burgeoning Indian ETF industry," said Mr Sanjiv Shah, co-chief executive officer, GSAM India.

"In the meantime, we remain committed to growing our investment banking and securities franchise in India and we continue to feel extremely positive about India as an important and growing market for Goldman Sachs overall," he added.

GSAM India currently manages 12 mutual fund schemes, including 10 ETF schemes, and is the largest ETF provider in India. It has a total AUM of Rs 7,132 crore (\$1.1 billion) as of 30 September 2015 which includes Rs 2,172 crore (\$334 million) of AUM in the CPSE ETF for which GSAM India is currently the exclusive fund manager.

Mr Sikka said the deal will add over half a per cent to its market share.