

# Reliance MF to buy Goldman Sachs India MF biz for ₹243 crore

**MUMBAI:** Reliance Capital Asset Management will acquire global giant Goldman Sachs' mutual fund business in India for Rs 243 crore in all-cash deal, which marks the latest exit by a foreign player from the Rs 13 lakh crore market.

In its first ever buyout, RCAM will acquire all 12 onshore mutual fund (MF) schemes of Goldman Sachs Asset Management India with total assets base of Rs 7,132 crore. The deal will make Reliance MF the exclusive fund manager for government's ambitious Central Public Sector Enterprises (CPSE) Exchange Traded Fund. The transaction has been approved by the boards of the two companies and is expected to be completed in the current fiscal, RCAM's parent firm Reliance Capital said in a statement.

Reliance Capital is the financial services arm of Anil Ambani-led business conglomerate Reliance Group and is also present in insurance, brokerage and wealth management among other areas. Goldman Sachs was given the mandate last year to manage CPSE ETF through which the government has so far raised Rs 4,000 crore by selling part of its stake in 10 central PSUs as part of its dis-



investment programme.

"This acquisition by RCAM is an important first step in our overall strategy to strengthen our businesses through selective inorganic growth. GSAM India has a strong bouquet of schemes and a talented team. We are confident that together they will complement and enhance RCAM's overall offerings to our investors," said Sam Ghosh, Executive Director, Reliance Capital.

RCAM CEO Sundeep Sikka said the deal will add over half a per cent to its market share. Besides further consolidating the position of RCAM, which runs Reliance Mutual Fund and is the largest asset manager in India with total AUM of over Rs 2.5 lakh crore across mutual funds, pension funds, managed accounts and offshore funds, the deal also marks yet another

exit by a foreign player from the Rs 13 lakh crore Indian mutual fund industry.

Goldman Sachs had entered the Indian mutual fund industry in 2011 with acquisition of Benchmark Mutual Fund for Rs 120 crore. In last few years, a number of global players have exited the Indian mutual fund business. Standard Chartered sold its mutual fund business in India to IDFC in 2008, Fidelity sold its mutual fund to L&T Finance in 2012, while last year HDFC MF acquired Morgan Stanley's fund business here.

Besides, Birla Sunlife has acquired ING Mutual Fund, Kotak MF has bought Pine-Bridge Mutual Fund and Pramerica has taken over Deutsche Bank's mutual fund business in India. Still, there are more than 40 fund houses in the country and houses together manages over Rs 13 lakh crore. There has been high competition in the country for funds. This has raised expectation for further consolidation in the mutual fund industry.

For many years, fund managers in the country have struggled with high redemptions, which lead to some high-profile exits. However, retail investments have witnessed a growth this year.

## SHARES UP 3%

**MUMBAI:** Shares of Reliance Capital on Wednesday surged over 3 per cent after the company announced the acquisition of global giant Goldman Sachs' mutual fund business in India for Rs 243 crore in an all-cash deal. The scrip of the company rose 4.40 per cent to touch its intra-day high at Rs 416.80. The stock ended the day at Rs 411.85, up 3.17 per cent on BSE. On NSE, the company's shares surged 4.49 per cent to touch its intra-day high of Rs 416.90. After loosing some initial gains, the stock ended the day at Rs 411.90, up 3.24 per cent. Under the deal RCAM will acquire all 12 onshore mutual fund (MF) schemes of Goldman Sachs.