

BoB, BNP Paribas arms to merge mutual fund biz

Our Bureau Mumbai | Updated on October 11, 2019 | Published on October 11, 2019

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Post deal BoB will hold 50.1%

Baroda Asset Management India, a wholly-owned subsidiary of Bank of Baroda and BNP Paribas Asset Management India, a subsidiary of BNP Paribas Asset Management Asia (BNPP AM), will merge their mutual fund business, subject to regulatory approvals.

Both Bank of Baroda and BNP Paribas Asset Management Asia have entered into a binding agreement to merge their business which involves no cash consideration, said BoB in a statement on Friday.

Post completion of merger, BoB will hold 50.1 per cent stake in the merged asset management company and the rest will be held by BNP Paribas Asset Management.

Subsequently, BoB will own 50.7 per cent of the paid-up capital of the merged entity while BNPP AM will have 49.3 per cent.

The consolidation in mutual fund industry comes at a time when Japanese financial giant Nippon Life Insurance has bought over its joint venture partner Reliance Asset Management stake to emerge as the single largest shareholder with overall investment of ₹8,000 crore for its 75 per cent stake. The erstwhile Reliance Mutual Fund was recently renamed as Nippon India Mutual Fund.

Healthy AUMs

At present, Baroda AMC is in the business of managing mutual fund schemes of the Baroda Mutual Fund while BNPP AMC administers mutual fund schemes of the BNP Paribas Mutual Fund.

Baroda AMC has an average AUM of ₹11,320 crore as of March 31, 2019 while it was ₹10,073 crore for BNP Paribas Asset Management India.

In FY19, Baroda AMC income was ₹50 crore and BNPP AMC was at ₹96 crore.

Baroda Trustee India logged an income of ₹25 lakh and BNP Paribas Trustee India was ₹27 lakh.

PS Jayakumar, Managing Director and CEO, Bank of Baroda, said the joint venture will create a stronger, more competitive asset management company in the Indian mutual fund industry with the large distribution network of Bank of Baroda and the expertise of BNP Paribas coupled with the benefit of the firm's ability to source offshore funds.

Ligia Torres, Chief Executive Officer Asia Pacific, BNP Paribas Asset Management said "by leveraging Bank of Baroda's large number of branches for distribution and our global experience of managing assets across more than 30 markets, this partnership will enable us to offer products and services to a much larger investor base in India."

Published on October 11, 2019

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