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Will focus on mid-market deals in distressed space: Ajay Srinivasan

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MUMBAI

Aditya Birla Capital and US-based alternative assets investor Varde Partners have announced a joint venture to invest in distressed assets in India. In an interview, Ajay Srinivasan, chief executive officer of Aditya Birla Capital, discusses the strategy for the joint venture. Edited excerpts:

The distressed space has seen the entry of several new entrants. How will the joint venture differentiate itself from the rest?

Aditya Birla group brings years of operational expertise

across sectors which we will leverage to potentially turn around distressed situations. However, as a strategy, we will not look at very large deals such as those in Reserve Bank of India's initial list of 12 cases referred to National Company Law Tribunal (NCLT). Our strategy will be to focus on the mid-market space where we see lot of value. We are expecting a lot of attractive opportunities to come up.

In terms of deal focus, would you only look at control transactions?

We are open to all kind of strategies including minority investments.

The strategy will change on a case-to-case basis. But broadly, we will look at assets



Ajay Srinivasan, CEO, Aditya Birla Capital.

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where we think we can effect operational turnaround by imparting the group's expertise in managing complex situa-

tions. We will not look at opportunities merely from the financial re-engineering perspective.

What will be the total allocation for such deals?

There is no defined limit on investments per se. The minimum stipulation is ₹100 crore to capitalize the asset reconstruction company which we have. Beyond that, we will keep evaluating capital requirements as opportunities come to us.

All I can say is that there is no dearth of capital.

Varde Partners have already invested close to \$500 million in India. Both ABCL and Varde are fully committed to investing in the joint venture to optimum.

Beyond NCLT, what will be your strategy?

As announced already, there are two components of the joint venture. First is of course the ARC business, where both ABCL and Varde will own 50% stake each. The other part is of the Alternative Investment Fund (AIF) which is being set up.

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INTERVIEW

The AIF will pursue a multi-pronged strategy which will include debt, mezzanine debt and equity. We believe that there are many opportunities in distressed space where the underlying business still have a lot of value, but the company may be facing external headwinds and may not have access to more traditional sources of capital.