ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

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Supply of stressed assets will rise in reccast biz: AB Capital

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Six months since listing, Aditya Birla Capital has firmed up plans to enter the fast expanding assets reconstruction space and is also planning a third fund under its private equity arm. The assets reconstruction business will add to AB Capital's already existing dozen business verticals, mainly dominated by its non-banking financial company (NBFC), mutual funds and life insurance businesses. AB Capital's chief executive **Ajay Srinivasan** speaks to **TOI** on the company's plans. Excerpts:

It took about 10 years since you took charge of the financial services business in the group to its listing. Wasn't it a bit longer than initially planned?

We had five businesses when I came in — including mutual fund, life insurance and NBFC verticals — but they were all sub scale. We felt it was important to build the entire portfolio and also scale in at least the key businesses before going public. Our idea was to build a business that meets the needs of the target customers through their life. Now we have 12 lines of businesses, including the NBFC as a diversified business, private equity, infrastructure financing, the broking business Aditya Birla Money, Aditya Birla MyUniverse, a housing finance company, a health insurance company, and we recently got licence for an ARC. We have also added a pension company under Birla Sun Life Insurance.

The ARC business is clearly taking off in India. What are your plans?

Last year, we got the licence from the RBI and we will start the ARC business probably in the next few months. We feel the supply of stressed assets should pick up. The ARC business is becoming more of a cash business and focus is on business turnaround rather than just restructuring of debt. All this plays well to our group's strengths, given our experience in working across a number of businesses.

How do you plan to deal with errant promoters?

We are already seeing a tightening of processes and the reforms in this space have been fairly significant. The NCLT process does not allow an errant promoter to bid for his own assets. I think the message to promoters is clear: If you don't fall in line, then there is serious risk of you losing your business.

What's new on the PE side? Any new fund in the pipeline?

We are winding down two funds as they are reaching maturity. We had several good exits — Olive, Ratnakar Bank (now RBL Bank), Cibil, IEX, to name a few. We are thinking about a new fund, but it's early days. We are still working out the details because we have time till we raise the third fund.

Are you looking at any acquisitions?

We are always open to new opportunities if it creates good strategic value plus good financial value. We already have a platform, so the value has to come from the economies of the deal itself. We have not been able to find anything that has met both our strategic and financial value expectations so far.

In the mutual fund sector, popularisation of SIPs is leading to more 'retailisation'. What are your focus areas in that business?

I would say retail, SIP, focus on small towns, and equity are the four things that we have been focused on. SIP is retailisation in that sense. And we think there is a big opportunity outside the large cities. As wealth and awareness increases, I think a big opportunity is building over there.