

Home » Industry

Last Modified: Wed, Sep 21 2016. 03 05 AM  
IST

# Multiples PE to venture into special situation investing

Multiples Alternate Asset Management will join a number of other firms that are queuing up to launch stressed asset funds and asset reconstruction companies

0

Go [Subscribe to our newsletter.](#)

Anuradha | Shrija Agrawal

## MULTIPLES

INVESTOR LOGIN

ABOUT US

PEOPLE

INVESTMENT APPROACH

PORTFOLIO

EVENTS

MEDIA

CONTACT US



Unleashing Potential:  
Encouraging Entrepreneurs to  
Think Big

Multiples Alternate Asset Management has hired Sharad Bhatia, former chief executive officer of Phoenix ARC Pvt. Ltd, to head the business.

**Mumbai:** Multiples Alternate Asset Management Pvt. Ltd, a private equity (PE) fund led by Renuka Ramnath, is in the process of venturing into stressed assets investment.

The company has hired Sharad Bhatia, former chief executive officer of Phoenix ARC Pvt. Ltd, to head the business.

Bhatia had been with Axis Bank Ltd since April 2013 and was responsible for managing its stressed assets business. Before that, he worked with Phoenix ARC, Kotak Mahindra Group's asset reconstruction arm, for about five years.

"We are exploring options for entering into special situation investing. It is not a separate division. It is just part of Multiples PE and Sharad Bhatia will be part of it," Ramnath said.

Bhatia has more than three decades of experience in the financial industry, having started his career with ICICI where he held several key positions in investment banking, asset management, special asset management and project appraisal.

## INVESTMENT AVENUE

Multiples Alternate Asset Management will join a number of other companies that are queuing up to launch stressed asset funds and asset reconstruction companies (ARCs), seeing a potential business opportunity in bad loans that have piled up at banks.

### Top distressed PE deals in India

Company	Amount (\$ mn)	Investors	Date
Avantha Holdings**	150	Apollo Management, AION Capital	Dec 2013
Dunlop India	92	Spinnaker Capital, Eight Capital, others	Dec 2007
Mercator Group	75	AION Capital	Jun 2014
Mytrah Energy**	60	Merrill Lynch, AION Capital	Apr 2015
Morepen Laboratories	48	Deutsche Bank, Spinnaker Capital, Sabre Capital	Aug 2006

\*\*indicates a debt investment

### Distressed funds in the market that are raising funds

Investors	Fund Name	Date	Amount (\$ mn)
Catalyst	Catalyst High Yield Fund	Jul 2016	300
Piramal Fund	Piramal India Resurgent Funds	Jan 2016	100
JM Financial	-	Jul 2016	300
Kotak-Canada Pension Plan Investment Board	-	Jan 2016	600
Eight Capital	The Eight Capital India Recovery Fund	May 2014	500
Kotak Investment Advisors	-	Dec 2013	770
Spice Finance, 3 Degrees Asset Management	Spice 3 Degrees Special Opportunities Fund	Jun 2009	121
Edelweiss Alternate Asset Advisors	-	Jul 2008	200

Source: Venture Intelligence

### Funds that have raised capital



AION Capital Partners

27\*  
(in \$mn)  
Apr 2013



Edelweiss Alternate Asset Advisors

\*first close

A chemical engineer with a postgraduate degree in business management, Bhatia also participated in the advanced management programme at INSEAD, France, in 1994. He has also served on the boards of several leading companies.

Multiples will join a number of other companies that are queuing up to launch stressed asset funds and asset reconstruction companies (ARCs), seeing a potential business opportunity in bad loans that have piled up at banks. The gross bad loans of 39 listed Indian banks, in absolute terms, rose 92% in fiscal 2016 to Rs5.79 trillion.

The applicants include global stressed asset specialist JC Flowers and Co., in partnership with Ambit Holdings Pvt. Ltd, domestic financial services firm IIFL Holdings Ltd and former chief financial officer of Sun Pharmaceutical Industries Ltd Sudhir Valia.

Other global private equity funds such as KKR and Co., Hong Kong-based SSG Capital Management and International Finance Corp. (IFC), the investment arm of the World Bank, have already acquired stakes in existing ARCs to buy bad loans.

In January 2015, IFC invested in Encore Asset Reconstruction Co. Pvt. Ltd and in March this year, the Foreign Investment Promotion Board gave approval to KKR & Co. for picking up a stake in International Asset Reconstruction Co. Pvt. Ltd.

Most recently, ICICI Bank Ltd, State Bank of India and Brookfield Asset Management Inc. announced plans to launch joint ventures to invest in stressed assets.

Multiples PE has also set a final close of \$690 million for its second India-focused fund against an earlier target of \$650 million. It is one of the largest sector-agnostic private equity investment corpuses ever raised for India. The fund was raised through two vehicles—a core fund of \$550 million and a co-investment pool of \$135 million.

On the rationale behind raising funds through two vehicles, Ramnath said, “The goal is to make larger deals using our own money and without any external help.”

“We will look at making deals in the range of \$50-100 million this time,” she added.

The firm made the first close of \$325 million in early 2015. It made investments from the first fund in the range of \$20-25 million.

“We are looking to expand our strategy and will look for buyout opportunities and investments in financial services, IT (excluding traditional services), healthcare and pharma, besides consumer and stressed/ turnaround themes,” Ramnath said about the strategy for investing through the second fund.

Founded in 2009 by Ramnath, a former CEO of ICICI Venture, Multiples raised \$450 million for its debut fund in 2011. In April, IFC proposed to make an investment of up to \$40.6 million in its second fund.

IFC Asset Management—which deploys capital raised from third parties rather than IFC’s balance sheet money—was also considering a commitment of undisclosed size.

Multiples now manages about \$1 billion, having invested in 11 companies from its first fund and three companies from its second fund, according to its website.