

CPPIB Commits \$225 m to Piramal's IRF

Pension fund to invest through its wholly-owned arm in distressed assets buyout platform

Our Bureau

Mumbai: The Canada Pension Plan Investment Board, or CPPIB, has committed \$225 million to the India Resurgence Fund (IRF), a distressed assets buyout platform set up with Piramal Enterprises and Bain Capital Credit. The Canadian pension fund will invest through its wholly-owned subsidiary, CPPIB Credit Investments.

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Chairman, Piramal

hing issues under the bankruptcy code, which has given confidence to international investors," said Ajay Piramal, chairman of the Piramal Group.

"The setting up of an independent judicial machinery has led to efficient resolution of these assets and helped preserve the value of many enterprises. Effective resolution would release capital for banks to fund new capital asset formation, which would in turn fuel future economic growth for the country," said Piramal.

India RF invests in distressed assets through the purchase of existing debt and equity securities in bankruptcy courts or directly from lenders, or through the newly-issued securities.

Indian banks are reeling under a mounting bad-debt pile. More than 2.4% of total loans in India's banking system may be under stress, on top of the 9.6% bad debt ratio as of June 2019, the highest among major economies, Credit Suisse estimates show.

IndiaRF had earlier raised \$100 mil-

lion from the International Finance Corporation through its Distressed Asset Recovery Program. "We are pleased to anchor a fund that will have a meaningful impact in the non-performing loan resolution space with a focus on revival and turnaround. We believe that helping to address India's NPL problem will have a very significant positive spillover effect in the economy, including saving and creating jobs," said Mengistu Alemayehu, South Asia Director, IFC.

"Our investment in IndiaRF represents an increase in our credit commitments in India, targeting attractive risk-adjusted returns in the sizeable Indian distressed credit space," said John Graham, Global head of credit investments, CPPIB.

Jonathan Lavine, co-managing partner, Bain Capital and CIO, Bain Capital Credit said: "The distressed assets opportunity in India continues to attract the attention of quality long-term international investors."

