

**Disinvestment of IFCI's entire stake in  
Assets Care & Reconstruction Enterprise Ltd (ACRE)**



**TEASER DOCUMENT**



## 1. BACKGROUND

1.1 ACRE was set up as an Assets reconstruction Company (ARC) under the provisions of SARFAESI Act 2002, helps banks and FIs to clean their books through acquisition of the Non Performing financial assets. In India, ARCs function in a regulated environment under the provisions of a special enactment, Securitization and Reconstruction of the Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI], creating value for distressed/ Sick and non-performing financial assets with banks and Financial Institutions. Against this backdrop, ACRE, has carved out a niche for itself in the field. It is registered with Reserve Bank of India as a Securitisation & Reconstruction Company under Section 3 of the SARFAESI Act 2002. ACRE Focuses on the acquisition of such distressed / sick financial assets that can be resolved in a relatively shorter timeframe.

## 2. SHAREHOLDING PATTERN

2.1 Present shareholding of ACRE is as following:

S No	Name of Shareholder	No of Shares Held	Percentage Holding
1	SSG Capital Management (Singapore) Pte Ltd	26272148	49.00
2	IFCI Ltd	7328328	13.67
3	Punjab National Bank	5735714	10.70
4	Tourism Finance Corporation of India Ltd	2040000	3.80
5	Bank of Baroda	2000000	3.73
6	LIC of India	1515000	2.83
7	United Bank Of India	500000	0.93
8	Indea Capital (Singapore) Pte. Ltd.	2561046	4.78
9	Individuals	5664809	10.57
	<b>Total</b>	<b>53617045</b>	<b>100.00</b>

## 3. MANAGEMENT

### 3.1 The Board of directors of ACRE:

**Mr. Jagdish Capoor** (Chairman of the Board) an Ex Deputy Governor of the Reserve Bank of India is a versatile personality having associated in various important organizations at the apex level. He was on the board of Export Import Bank of India, National Housing Bank, National Bank of Agriculture and Rural Development (NABARD), State Bank of India and HDFC. While at RBI, he was the Chairman of the Deposit Insurance and Credit Guarantee Corporation of India and Bharatiya Reserve Bank Note Mudran Limited. Mr. Capoor is currently on Board of Various listed and non-listed companies.

**Mr. R.P. Singh, Managing Director & CEO, ACRE**, a post graduate has rich experience of over 32 years in financial services and asset securitization, besides 15 years experience in management of NPAs of IFCI Limited. He has occupied senior positions at Resolution of Non-Performing Assets (NPAs) Cell in IFCI for a decade, during which NPAs worth over Rs.2, 500 crore were resolved.

**Mr.Ravinder Singhania**, an advocate and solicitor of repute is the founder member and Senior Partner of the firm Singhania & Partners LLP with experience of many years both in national and international arena. He has advised Foreign Corporations, Ministries, large PSUs, Banks and Multinationals on legal issues relating to Mergers & Acquisitions, Foreign Direct Investments, Cross-border Transactions, Project Finance, Capital Markets, Private Public Partnership, Investment Options, Disinvestment, Corporatization, Debt & Equity offering.

**Mr. Shyam Maheshwari**, a Chartered Accountant also an MBA from the Indian Institute of Management, Bangalore, India is a Nominee of SSG Capital Management (Singapore) Pte. Ltd. Mr. Maheshwari is an investment banker with 15 years of extensive experience of deal sourcing, analysis and investing in Asia. As Partner and founder of SSG, Mr. Maheshwari is primarily responsible for SSG's investment activities in India. Transactions here have spanned from acquisition of INR denominated Non Performing Loans (NPLs) from Foreign, Private and Public sector banks in India to acquisition and restructuring of USD denominated NPLs and Structured Finance Transactions from international banks and funds.

**Mr. Dinesh Verma** is a practicing Chartered Accountant and a senior partner of SARC & Associates Chartered Accountants with a varied experience in the field of Audit, Accounts and Finance and Management Consultancy. He is also a life member of Indian Council of Arbitrators & SARC.

**Mr. B.N. Nayak (Designate, Nominee Director of IFCI Ltd.)** Executive Director & CFO of IFCI has over 30 years of professional experience which includes 17 years in IFCI Limited in senior management in various areas like risk management, resources mobilization, disinvestment, treasury and corporate accounts. Prior to this, he was in Orissa State Financial Corporation, a statutory corporation, where he had ample exposure to credit appraisal of SMEs, formulation of rehabilitation package for sick industrial companies, recovery of loans, resource raising and development of policies/implementation of systems and controls. He has served as the Managing Director of IFCI Venture Capital Funds Limited, a subsidiary of IFCI Limited and as director on the boards of various assisted concerns of IFCI in the past. Currently, he is a director on the Board of Gujarat State Energy Generation Limited. He is a Science graduate, a fellow member of the Institute of Chartered Accountants of India and a Certified Associate of Indian Institute of Bankers.

**Mr. Anuj Chowdhry** is a Practicing Chartered Accountant and a Commerce Graduate from Delhi University and is having more than 27 years of diverse experience in corporate finance, special situation advisory, placement of debt, equity and mezzanine funds and has advised large industrial houses on capital raising, business restructuring and turnaround strategy. He is involved in formulating entry level strategies and structuring joint venture relationships for western multinationals desirous of Indian footprints. He is also on the Board of various Public and Private Limited Companies.

**Mr. P. Venugopal** Secretary General, Insurance Institute of India is a Nominee Director of Life Insurance Corporation of India. He has hands on experience of more than 30 years in Insurance Sector. He has a varied experience of Insurance, Investment Operations and Project Finance.

**Mr. Ved Prakash Mathur**, General Manager (Recovery), Punjab National Bank is a Nominee Director of Punjab National Bank. He has a total experience of more than 25 years in Banking Sector. He has a rich experience in Branch Banking and has also worked as Faculty Manager in Banks Training College.

#### **4. ACRE'S BUSINESS PROFILE:**

##### **4.1 Acquisition:**

ARCs in India operate under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest, Act 2002 (SARFAESI). They play a catalytic role in the realization of optimum value from distressed financial assets of Banks & FIs rendered unproductive for reasons ranging right from economic slowdown to excessive competition. Against this backdrop Assets Care and Reconstruction Enterprise has carved out a niche for itself as a resourceful, professionally managed business revival catalyst. Under its well-crafted Assets acquisition policy, ACRE focuses on acquisition of financial assets that can be resolved in a relatively shorter time frame. It responds to the sale of Non-Performing Assets by Banks & FIs by participating in the auctions from time to time. ACRE also enters into bilateral transactions with Bank & FIs, for the purpose of acquisition of the NPAs. The Assets are acquired either on cash basis or by issuing Security Receipts (SRs) or a combination of both. In case of cash purchase, assets are taken on the balance sheet of ACRE, while in case of SRs, a trust is set up which holds the acquired assets. ACRE acts as the trustee. The trust issues assets backed SRs to the investor which may be the selling Bank & FIs, ACRE and/or any other Qualified Institutional Buyer (QIB). ACRE also performs the role of a bridge between potentially viable sick assets & the investors looking for avenues of investment in distressed assets.

#### **4.2 Resolution:**

ACRE, Leading Financial Assets Management Firms, adopts the approach towards Resolution and Restructuring of Distressed Financial Assets through timely and effective recovery process with the assistance of highly skilled professionals.

For the purpose of resolution of financial assets acquired from Banks/ FIs one and/ or more of the following measures are adopted:

- Re-schedulement of payment of debts payable by borrower/ co-obligant
- Settlement of dues payable by borrower(s)/ co-obligant
- Enforcement of security interest in accordance with the provisions of SARFAESI Act
- Taking Legal Recourse/ recovery measures under statutory provisions
- Introduction of strategic investors in cases of restructuring

#### **4.3 Advisory:**

Asset Advisory Services: Restructuring Advisory Services

In addition to the acquisition of financial assets from Banks/FIs under the provisions of SARFAESI Act, 2002, ACRE may also engage in the following business lines, in an Advisory capacity:

- To act as recovery agent for Banks/FIs.
- To act as manager for the management of the assets of which possession has been taken by the secured creditor
- To act as receiver appointed by court or tribunal

Besides, these above activities can be supported by the experienced manpower, having technical and financial know-how on case to case basis against payment of mutually agreed fee and the terms and conditions governing such assignments.

#### **5. Brief Financials of ACRE are as following:**

Rs. in crore

Item	Financial Year			
	2012-13	2013-14	2014-15	2015-16
Total Revenue	23.15	17.99	25.34	30.18
PBT	4.03	3	12.46	19.60
PAT	2.76	2.03	8.25	12.76
Share Capital	19.12	19.12	37.49	37.49
Reserve & Surplus	20.91	22.94	54.15	66.91
Non-Current Liability	46.09	21.79	41.89	124.67
Current Liability	96.17	56.97	36.44	82.94
Non-Current Assets	65.49	43.86	107.22	232.95
Current Assets	116.8	76.97	62.75	103.54

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