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Investors in distressed funds express interest in buying SBI's bad loans

Bloomberg

A number of global and local distressed asset investors are considering buying some of State Bank of India's bad loans put up for sale in the financial year that began in April, according to people familiar with the matter.

The country's top state lender earlier this month identified a list of 331 non-performing assets with a combined outstanding value of ₹96,000 crore (\$11.6 billion), according to

a note SBI sent to potential investors and seen by *Bloomberg News*.

INTERESTED INVESTORS

Investors that have expressed interest include New York-based Cerberus Capital Management LP, Hong Kong-headquartered SC Lowy, and Avenue Capital Group LLC-backed Asset Reconstruction Company (India) Ltd, said the people who requested anonymity discussing private matters.

Other potential local buyers include billionaire Uday

Kotak-backed Phoenix ARC, JM Financial Asset Reconstruction Co. and Reliance Asset Reconstruction Co, they said.

SBI, ARCIL, and JM Financial declined to comment. Cerberus, SC Lowy, Reliance ARC, Phoenix, did not immediately respond to e-mailed queries.

Identifying bad loans has become a growing practice among lenders after the Reserve Bank of India (RBI) released two years ago a report that sought to make the buying and selling of distressed assets more trans-

parent and efficient. India's banking sector is now in stronger shape after surviving an NBFC crisis in 2018 that rattled the country's capital markets.

So far, about four dozen of SBI's distressed assets have come up for discussions, the people said, adding that investors appear to prefer those with higher outstanding value.

SBI put up 150 distressed assets worth a combined ₹35,000 crore in the previous financial year, according to a person with direct knowledge of the matter.