AVCJ Weekly Digest
by Mergermarket

11 October 2023

COVER STORY

EMERGING LPs: FINGERS IN EVERY PIE

As more LPs dip a toe into PE for the first time, managers must understand their motivations. Frontier sovereign wealth funds are an enticing wildcard.

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LP INTERVIEW

AUSTRALIA'S KODA CAPITAL

Australian wealth management platform Koda Capital eschews mainstream private equity in favour of more obscure alternatives, but what the firm really wants are managers that understand its needs.
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FUND FOCUS

DSG BUOYED BY BRAND AWARENESS

Demonstrated success in building consumer brands, India’s attractive macro story, and LPs looking to diversify their exposure within Asia are seen as key factors in DSG Consumers Partners’ fundraise.
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By the Numbers

AVCJ RESEARCH

EMPHASIZING INDIA

The INR 163bn (USD 1.99bn) transaction that saw Temasek Holdings become majority shareholder in Indian hospital operator Manipal Health Enterprises is India's largest-ever healthcare deal. It is also one of six PE investments to surpass USD 1bn in the past two years, sitting alongside large-cap buyouts like Suven Pharmaceuticals and Credila Financial Services and growth equity plays such as PhonePe.

Those six transactions number among 43 in India that have exceeded USD 300m over the same period. China has seen 54 USD 300m-plus deals since the start of 2022, of which 11 exceeded USD 1bn. However, eight of those 11 were renminbi-denominated and in areas increasingly seen as off-limits to foreign investors.

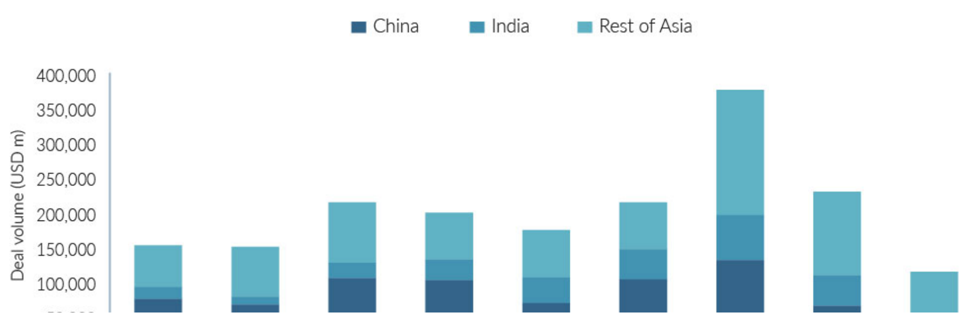
In region-wide context, India accounted for 21% of USD 300m-plus deals and 13% of the USD 1bn and up category. This compares to 26% and 23% for China. The situation stands in stark contrast to the 2019-2021 period. China far outpaced India with 38% to 21% in the USD 300m bracket and 36% to 20% for USD 1bn and up.

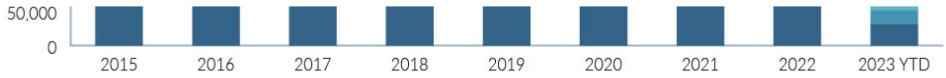
These numbers give context to the broader shift in gravity from China to India. For more than two decades China has led the way, with private equity investment in the country exceeding India by more than 3:1 in some years. Both countries saw record levels of investment in 2021, but China posted USD 131bn to India's USD 64.7bn. In 2022, the gap narrowed to USD 65.3 to USD 43.9bn. The running total for 2023 is USD 30.9bn to USD 19.7bn, but China is supported by those policy-driven renminbi deals.

For global and pan-regional managers, the bar for China deals has been raised obscenely high – in terms of building conviction around underwriting and likely exit scenarios as well as risk-return dynamics. Going heavier on India is a logical move. The market also offers growth and increasingly it offers scale – as demonstrated by the relative uptick in larger-cap transactions.

KKR already has offices in Beijing, Shanghai, and Hong Kong, which account for three of the firm's nine locations region-wide (excluding stand-alone KKR Capital markets locations). Adding an office in India – it recently established a presence in Gurugram, near New Delhi, complementing an existing base in Mumbai – is an apt reflection of the bigger picture for private equity in Asia.

PE investment: China vs India vs rest of Asia





Source: AVCJ Research

All of the trends featured here were sourced from AVCJ's proprietary database, AVCJ Research, featuring comprehensive information on private equity deals, fundraises and exits.

Read more on AVCJ Research

The rest of the week

FUNDS

- Navis seeks up to $1.3b for ninth Asia fund
- LeapFrog eyes February close, claims significant progress on fundraise
- Mars Growth Capital launches Asia tech fund
- Hong Kong blockchain fund raises $100m

DEALS

- Warburg Pincus backs Asia-US BPO player Everise
- ADIA re-ups in India's Reliance Retail
- Mubadala supports buyout of Korea's Osstem Implant
- Indonesia fintech platform Investree gets $231m Series D
- VC-backed streetwear retailers Kream, Soda to merge
- India's True North commits $75m to iLink Digital
- Taiwan streaming platform set for Singapore SPAC merger
- China's Leadrive raises $81m Series D
- India's Mensa Brands secures $40m in debt, equity funding
- SparkLabs launches US-listed SPAC
- China-US consumer brand accelerator raises $58m
- Japan's WiL joins $27m round for health platform Micin
- India EV infrastructure player raises $20m

For your calendar

UPCOMING EVENTS

- **13 November 2023** - AVCJ Diversity & Inclusion Forum
- **13 November 2023** - AVCJ ESG Forum
- **14-16 November 2023** - 36th AVCJ Private Equity & Venture Forum
- **6 December 2023** - Mergermarket M&A Forum - Hong Kong

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