

India's New Chapter

WHAT IS DRIVING THE BOOM IN PRIVATE CAPITAL EXITS?



Global Private Capital Association

JULY 2024

About GPCA

The Global Private Capital Association, which was founded as the Emerging Markets Private Equity Association (EMPEA) in 2004, is a non-profit, independent membership organization representing private capital investors who manage more than USD2t in assets across Asia, Latin America, Africa, Central & Eastern Europe and the Middle East.

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For more information on GPCA's research methodology, visit globalprivatecapital.org.

Report takeaways

- **The value of private capital exits in India surpassed USD25b in 2023 and USD11b in 1H 2024, bucking the slowdown in global private capital liquidity.** After the ups and downs of past private capital cycles in India, **structural changes in the market are contributing to growth in exits across all channels:**
 - A boom in retail ownership across Indian stock markets has driven public equity indices to all-time highs, with GPs increasingly opting to list companies locally.
 - Global GPs and sovereign funds are shifting attention and capital deployment to India, boosting secondary sales and providing a path to exit for middle-market Indian GPs.
 - With stronger balance sheets, Indian corporates are driving the bulk of strategic sales.
- India's policy outlook – including increased infrastructure spending – remains favorable, and **recently announced IPO registrations, strategic sales and secondary buyouts of private capital-backed businesses point to continued momentum.**

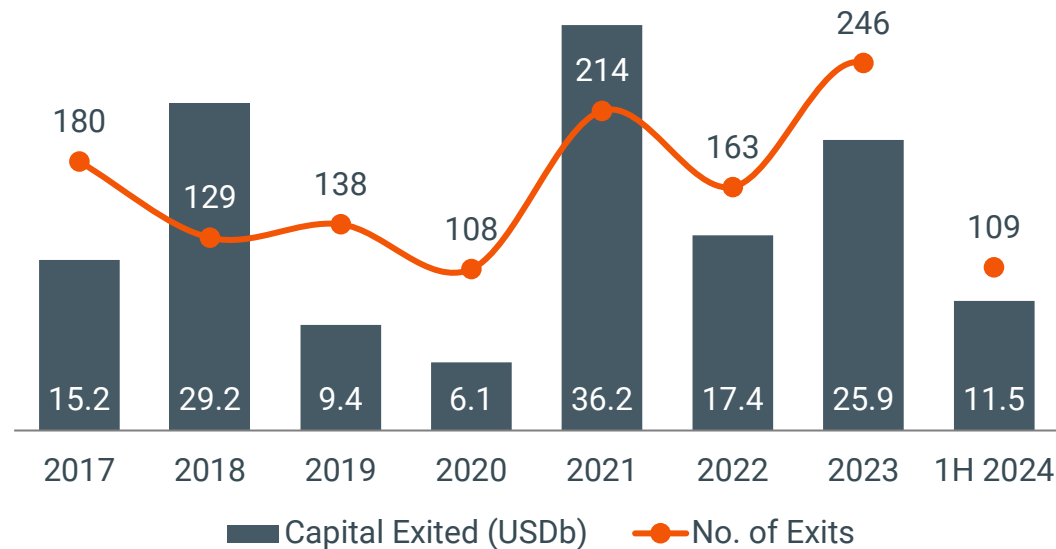
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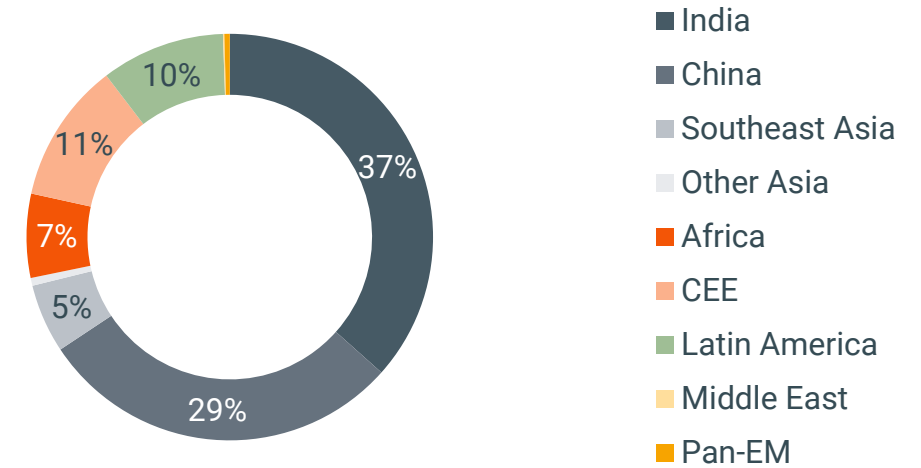
India led global markets in private capital exits in 2023 with continued momentum in 2024

India was the standout market globally for exits in 2023 as deal value and count rose 46% and 51%, year over year, respectively. In the advanced economies of the United States and Europe, exit value declined 1% and 10%, respectively, over the same time period. **India has also overtaken China, capturing the highest share (37%) of overall exit value across GPCA markets over the last 18 months.**

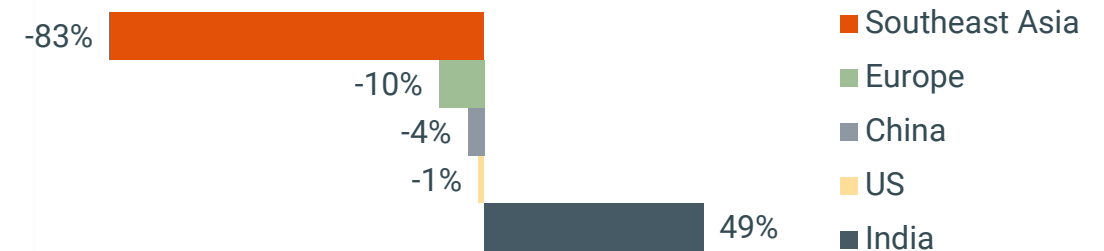
India Exits, 2017-1H 2024



Overall Exits in GPCA Markets, 2023-1H 2024 (% of Capital Exited)



Year-Over-Year Change in Exit Value by Geography, 2022-2023



Source: GPCA (India and emerging/frontier markets, data as of 30 June 2024), [Invest Europe](#) (Europe), [PitchBook](#) (United States).

Indian exits have grown across all channels

Across all major channels – public markets, secondary sales and strategic sales – exit activity in India has expanded compared to pre-pandemic levels. Public market exits have surged with increased retail investor activity and higher domestic ownership, while secondary exits have risen as new investors enter the Indian market. Despite a decrease in the number of strategic buyer exits in 2023, exit value grew, indicating larger deal sizes as Indian corporates play a more significant role. The high-water mark for strategic sales remains 2018, a year in which the USD14b sale of Flipkart to Walmart by investors including Accel, DST Global, Kalaari, SoftBank and Tiger Global skewed the total. **Exit value for 1H 2024 reached USD11.5b – the highest 1H value India has recorded excluding the tech frenzy year of 2021, despite no USD1b+ transactions – pointing to a deeper and broader market.**

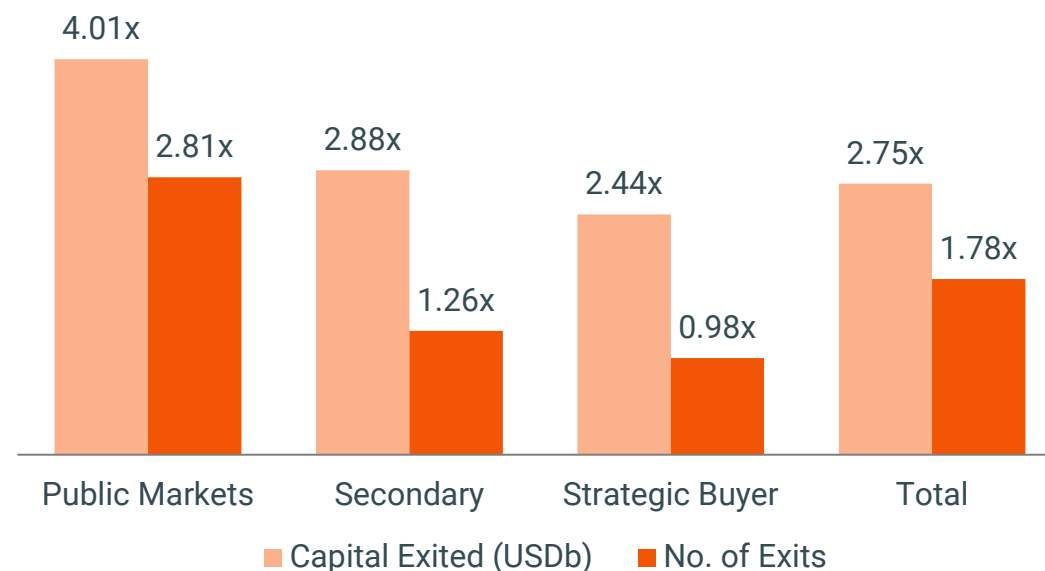
India Exits by Deal Type, 2017-1H 2024

	Capital Exited (USD b)							
	2017	2018	2019	2020	2021	2022	2023	1H '24
Public Markets	8.0	3.7	3.2	4.2	16.4	7.5	12.9	8.1
Secondary	4.3	3.2	2.3	0.8	13.3	5.1	6.6	2.2
Strategic	1.8	20.8	2.4	0.7	5.9	4.3	5.8	1.1
Total	15.2	29.2	9.4	6.1	36.2	17.4	25.9	11.5

	No. of Exits							
	2017	2018	2019	2020	2021	2022	2023	1H '24
Public Markets	110	44	43	49	81	61	121	64
Secondary	31	35	35	24	54	36	44	23
Strategic	19	37	50	25	64	57	49	20
Total	180	129	138	108	214	163	246	109

Note: 'Total' includes other exit types not pictured. Source: GPCA. Data as of 30 June 2024.

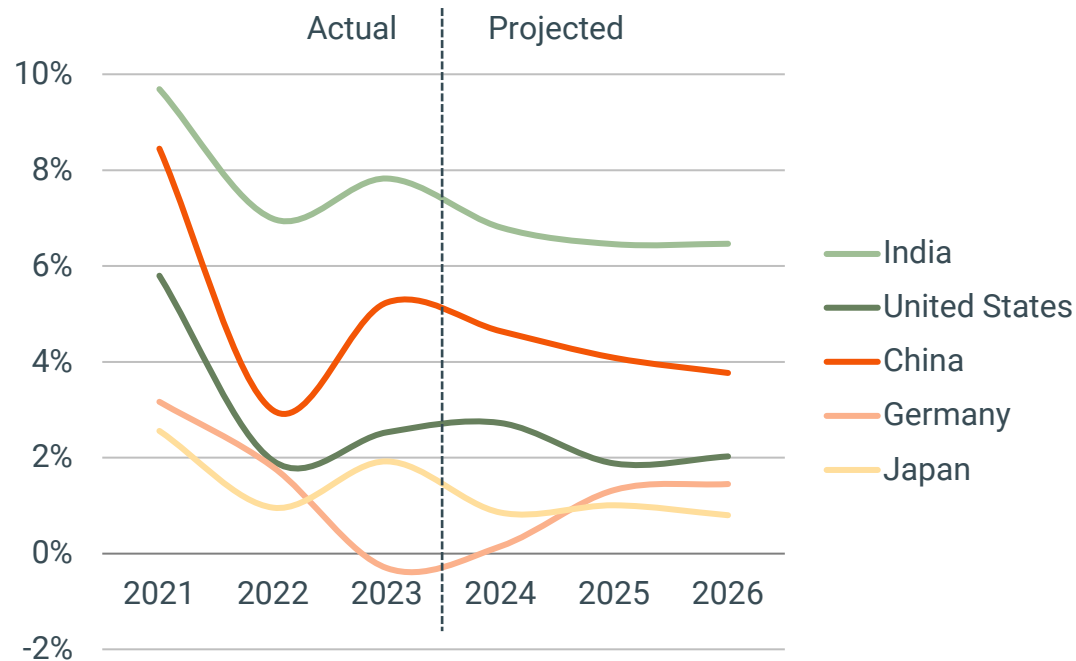
India Exits as a Multiple of Pre-Pandemic Level – 2019 vs. 2023



A favorable macro and policy environment are strengthening private capital in India

India boasts the world's largest population, with the median age of 28, significantly lower than that of other major economies. Rising disposable incomes and a growing middle class are set to propel India to become the third-largest consumer market by 2026, with consumption expected to grow by 4-5% annually. Of the world's five largest economies, India has the highest projected GDP growth rate, averaging 6.6% per year through 2026. Favorable demographic and economic factors, coupled with supportive government policies, have translated into increased private capital activity across asset classes.

GDP Growth Rate by Country, 2021-2026



Source: [International Monetary Fund](#), [Embassy of India](#), [SIDBI](#), [Insolvency & Bankruptcy Board of India](#), [PwC](#), [Invest India](#).

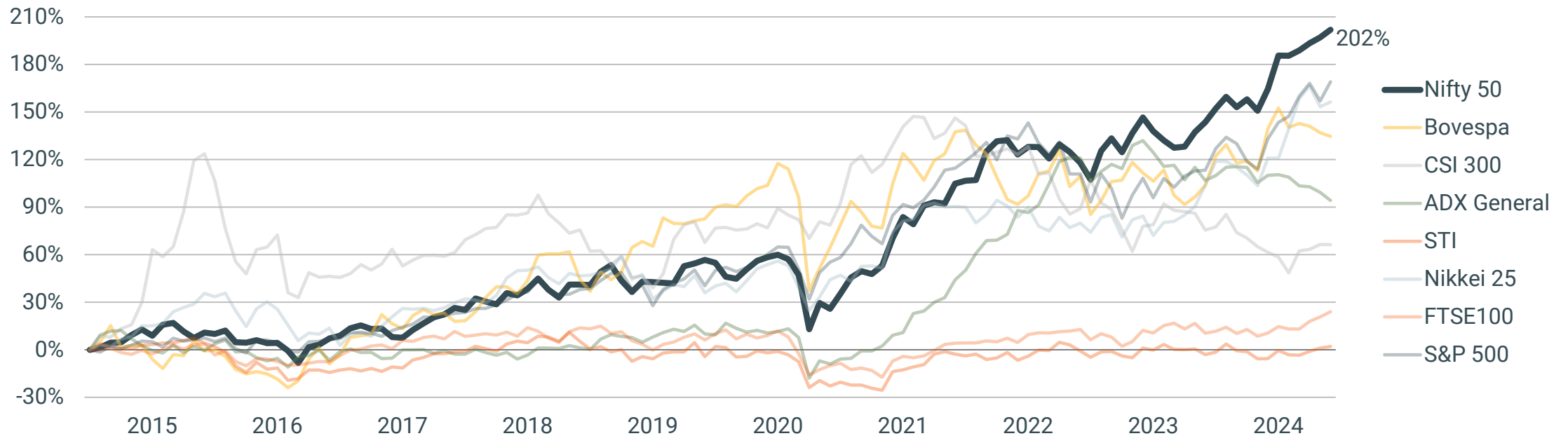
India Government Initiatives

Government Initiative	Details
Relaxation of Foreign Direct Investment (FDI) Rules	Since 2018, the government has liberalized FDI rules in various sectors, including insurance, defense and retail, allowing higher levels of foreign ownership.
Start-up India and Fund of Funds for Startups (FFS)	The Fund of Funds for Startups (FFS) managed by SIDBI was established in 2016 under the Start-up India initiative with a corpus of INR100b (USD1.3b).
Insolvency and Bankruptcy Code (IBC)	Since 2019, the IBC has improved the resolution process for stressed assets.
Introduction of InvITs and REITs	Introduced in 2014, Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) provide a platform for raising long-term capital.
Production Linked Incentive (PLI) Scheme	Established in 2020, the PLI scheme indirectly benefits private equity investors by creating more opportunities in the sectors covered under the scheme.

The rise of retail investors has boosted Indian public markets, driving liquidity for GPs

The Nifty 50 has surged by 202% over the last 10 years, outpacing major global indices such as the S&P 500 (169%), FTSE 100 (24%) and the Nikkei 225 (101%). Millions of new Indian retail investors are a major contributor to the bull run. In Q2 2024 alone, over 10m *demat* accounts (electronic records tracking ownership of tradable assets) were opened, bringing the total to 162m. Despite this growth, existing *demat* accounts only cover a fraction of India's 1.4b population, indicating a large runway for growth. Domestic Institutional Investors (DIIs) have also increased their holdings of Indian public equities from 10.3% in March 2015 to 17.7% in Q1 2024. Public markets have gained momentum even as foreign institutional investors (FIIs) have scaled back their exposure to Indian equities in 2024 to an 11-year low.

Performance of Major Global Public Market Indices, June 2014-May 2024



Source: Exchange websites, [Fortune India](#), [ICICI](#).

Rupee stability has boosted relative returns for public equities and private capital

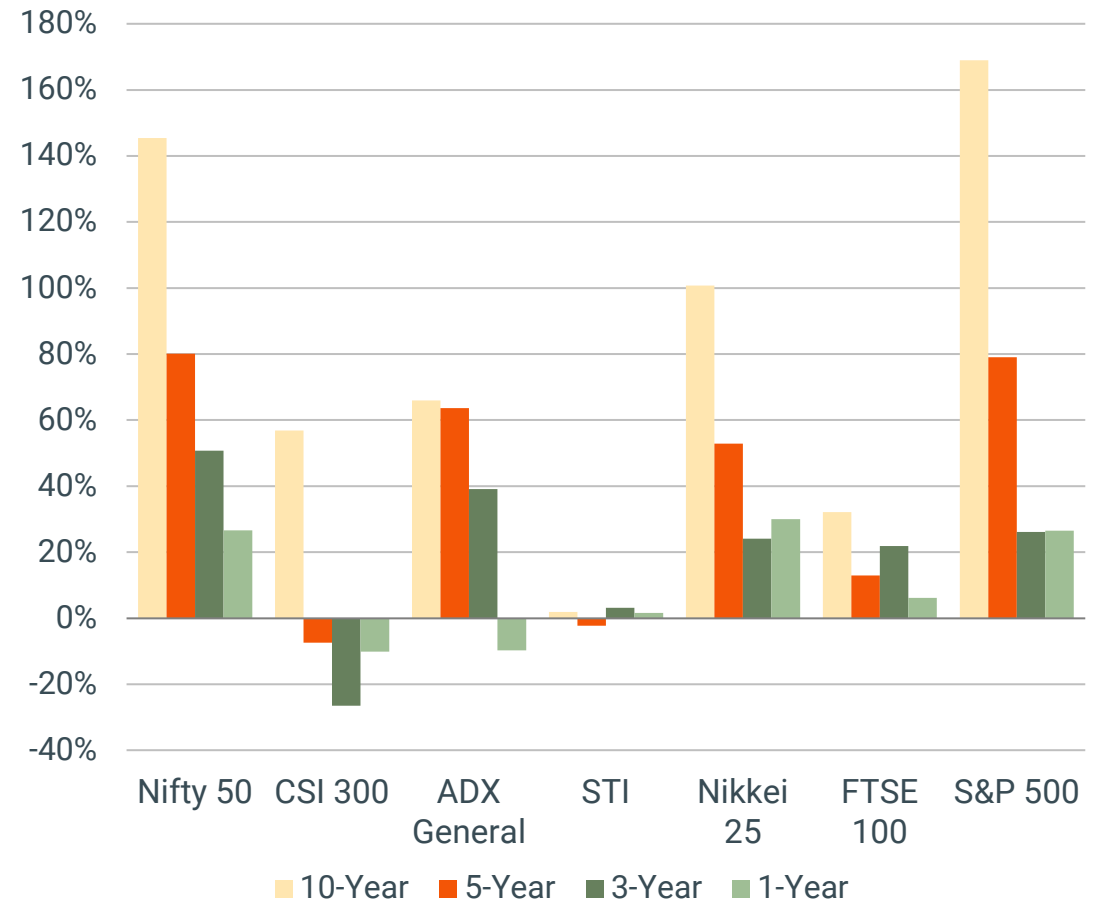
In US dollar terms, the Nifty 50 has delivered 27% returns over one year, 80% over five years and 145% over 10 years, eclipsing most other major global indices – with the notable exception of the S&P 500.

After waves of volatility in the wake of the Global Financial Crisis, the rupee has experienced steady, predictable depreciation against the US dollar in recent years. The Reserve Bank of India (RBI) holds among the largest stocks of foreign exchange reserves in the world at USD655b – ranking 4th globally – providing a strong buffer against external shocks.

The RBI has also implemented capital controls that limit the amount of money individuals can invest abroad. Under the Liberalized Remittance Scheme (LRS), individuals are restricted to investing up to USD250k annually in international markets. Limiting capital outflows, has, in turn, led to the creation of several family offices and fund managers investing domestically.

The relatively stable rupee drives increased investor confidence in underwriting Indian investments and, ultimately, the chance for better net returns.

Performance of Public Market Indices in USD Terms (% Change)



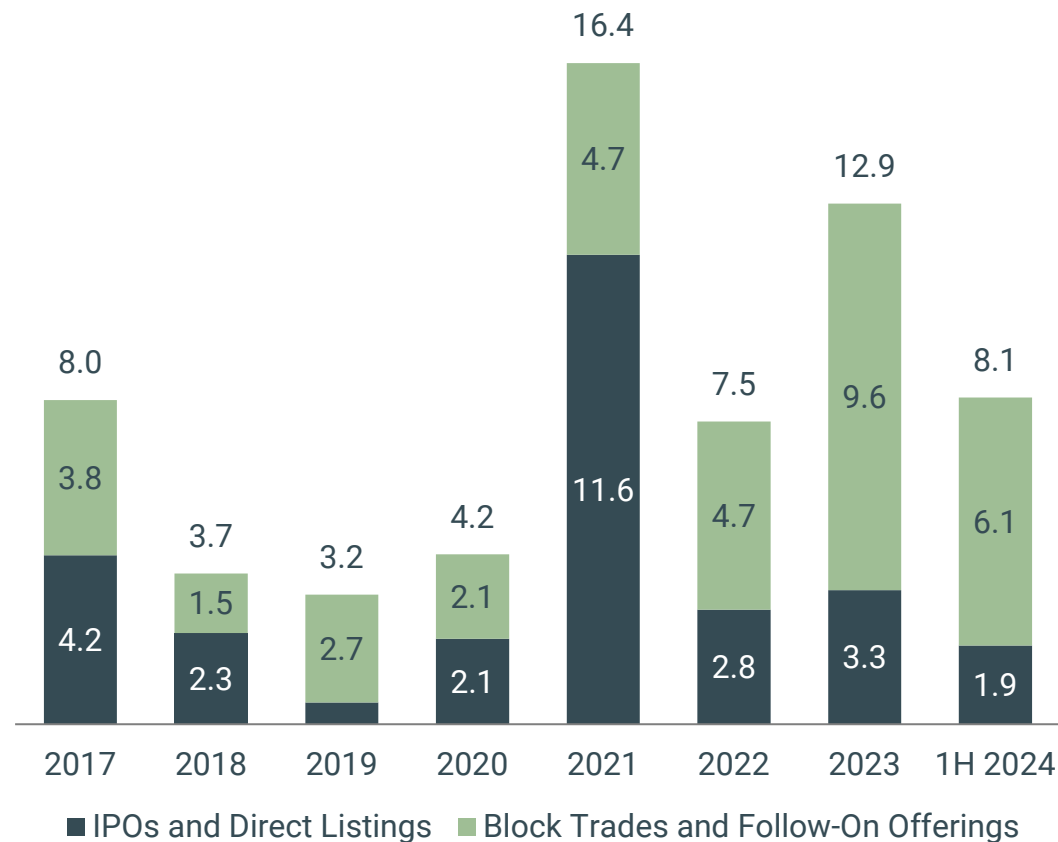
Source: [Intercontinental Exchange \(ICE\)](#), [RBI](#), [Reuters](#).

Fund managers are selling into the bull market in India, which has continued in 1H 2024

Notable Private Capital-Backed IPOs in India, 2022-1H 2024

Company	Investor(s)	Capital Raised (USDm)	Date
DELHIVERY	Addition, Alpha Wave, CPP Investments, Fosun, GIC, Nexus, SoftBank, Steadview, Carlyle, Tiger Global, Times Internet, others	676	May-22
Mankind	Capital Group, ChrysCapital, Motilal Oswal Alternates	522	May-23
TATA TECHNOLOGIES	Tata Capital Growth Fund, TPG, Warburg Pincus	365	Nov-23
Aadhar Housing Finance Ltd	Blackstone	359	May-24
digit	360 ONE, A91, Faering, Peak XV, TVS Capital	314	May-24
idegene	Aventus, Brighton Park, Carlyle	221	May-24
Entero	OrbiMed, Premji Invest, GIC, Novacare	193	Feb-24

Public Market Exits in India, 2017-1H 2024 (USDb)

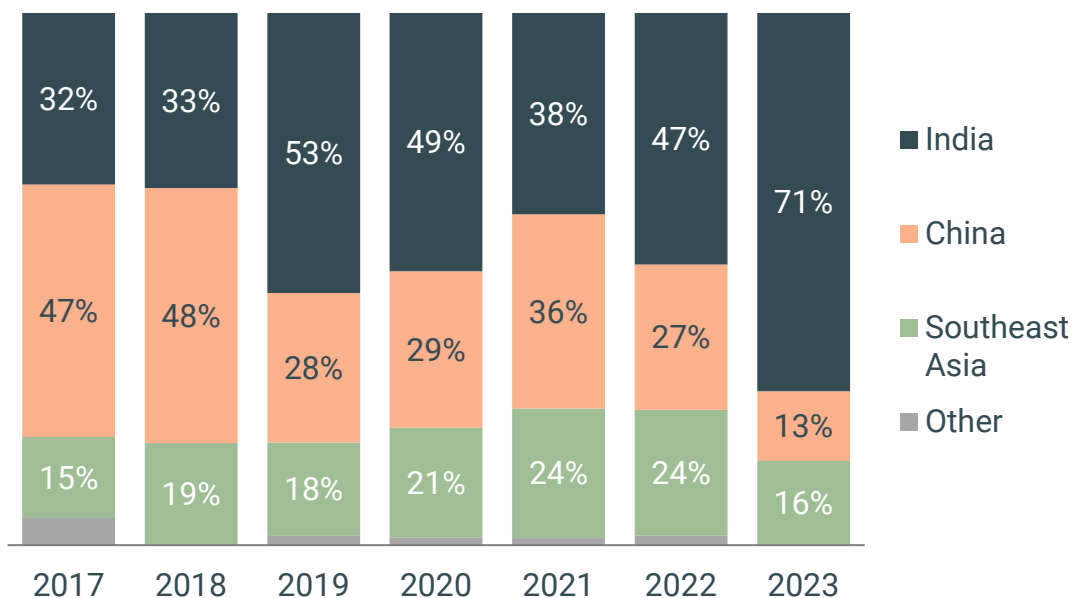


Source: GPCA. Data as of 30 June 2024.






GCC sovereign funds and global GPs are shifting attention to India

Since 2020, India has accounted for 58% of the total private capital deal value in Asia involving Middle East based investors and 51% of the number of such deals. India's strategic location, large consumer market and diversified supply-chain capabilities make it an attractive hub for GCC investors looking to expand their exposure in Asia. Pan-Asia funds, including many launched by large global GPs such as KKR, Carlyle, EQT and TPG, have raised more than USD128b since 2019. Amid uncertainties in China, global GPs and sovereign funds are shifting attention to India, investing primary capital and pursuing direct secondary deals, generating liquidity for local GPs backing companies at an earlier stage.

Asia Investments by Advent, Blackstone, CVC, Carlyle, KKR, TPG, BPEA/EQT and Warburg Pincus, 2017-2023 (% of No. of Deals)



Notable Secondary Deals in India with Middle East Investors, 2020-July 2024

Company	Investor(s)	Deal Value (USDm)	Date
 Mphasis The Next Applied	ADIA, Blackstone, GIC	2,086	Jun-21
 Jio Fiber	ADIA, PIF	1,017	Oct-20
 DealShare	ADIA, Alpha Wave, Dragoneer, others	210	Feb-22
 purple	ADIA	120	Jul-24
 manipalhospitals	CalPERS, Mubadala, Novo Holdings	Undisclosed	Feb-24

Source: GPCA. Data as of 30 June 2024. See also [Tracking Cross-Border Private Capital: New Links Between Asia and the Middle East](#) (published 27 February 2024).

Innovative secondary transactions are creating new liquidity options for GPs

GPs active in India are increasingly utilizing continuation funds, which have seen widespread adoption in the US and Europe. Most recently, ChrysCapital raised USD700m from HarbourVest, LGT and Pantheon to roll over its stake in the National Stock Exchange (NSE), which it first backed in 2016. Fund managers are also exiting portfolios of multiple assets via direct secondary deals.

Notable Continuation Funds & Secondary Portfolio Transactions in India, 2022-1H 2024

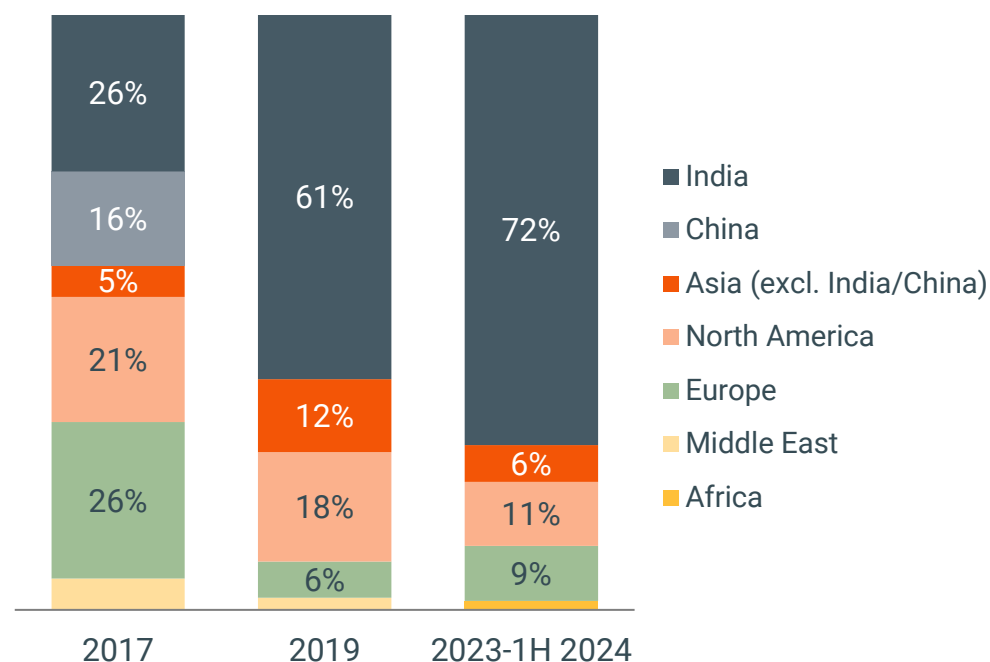
Fund Manager	Buyer(s)	Type	Date	Description
 CHRYSCAPITAL	HarbourVest Partners, LGT Capital Partners, Pantheon Ventures	Continuation Fund	Feb-24	ChrysCapital raised a USD700m continuation fund to continue holding a stake in National Stock Exchange (NSE)
 Everbridge Partners™	NewQuest, GIC	Continuation Fund	Jun-23	Everbridge Partners, a spinout from Capital Group Private Markets, raised a USD267m continuation fund from NewQuest and GIC to back Mankind Pharma and InterGlobe Technology Quotient
 Samara Capital	Axiom Asia, TR Capital, Stepstone Group, Unigestion	Continuation Fund	Dec-22	Samara raised USD150m to continue holding Sahajanand Medical Technologies, First Meridian and Paradise Food Court
 chiratae VENTURES	Madison India	Secondary Portfolio	Mar-24	Chiratae Ventures sold select companies from its second and third funds to Madison India for USD70m
 CARPEDIEM CAPITAL	Foundation Private Equity	Secondary Portfolio	May-23	Carpediem sold Collateral Medical, Nysaa Retail and Sukkhi to Foundation Private Equity for USD10m

Source: GPCA. Data as of 30 June 2024.

Indian corporates have accounted for the majority of strategic sales in India

Record-setting public market share prices have strengthened Indian corporates' balance sheets, driving buyouts of private capital-backed companies. In 2017, Indian corporates accounted for 26% of Indian strategic sales, and between 2023-1H 2024, this number grew almost three-fold to 72%. Faced with new restrictions, Chinese groups are no longer active buyers in India. Despite growing links between the US and India, US corporates have been subdued as strategic buyers in recent years – notable exceptions like Walmart's Flipkart purchase aside.

Indian Strategic Sales by Buyer HQ, 2017-1H 2024 (% of No. of Exits)



Note: Excludes strategic sales to undisclosed buyers. Source: GPCA. Data as of 30 June 2024.

Notable Strategic Sales in India, 2021-1H 2024

Company	Seller	Buyer	Exit Value (USDm)	Date
bigbasket	Actis, Alibaba	Tata Digital	1,200	May-21
CAPITAL FOODS	General Atlantic	Tata Consumer	462	Jan-24
GRICL	Macquarie Infrastructure and Real Assets	Highway Infrastructure Trust	365	Jul-23
img	Omidyar Network, Peak XV	Tata Digital	230	Jun-21
VIRESCENT INFRASTRUCTURE	KKR	IndiGrid	214	Aug-23

Outlook

Prime Minister Narendra Modi's re-election underpins a strong focus on infrastructure, manufacturing ("Made in India" initiative) and digitalization. Investors that spoke with GPCA for this report expect the policy agenda for Modi's third term to support job creation and continued private sector momentum.

Despite a difficult environment for private capital globally, dry powder for Indian deals remains ample, particularly at the larger end of the market. Among local GPs, Kedaara recently announced the final close of its fourth fund at USD1.75b, and ChrysCapital is targeting USD2b for its ninth. Coupled with global pools of capital, new fund launches will drive further deal activity, including secondary exits, throughout the industry.

The pipeline of IPOs and recently announced secondary transactions highlight the sustained confidence of investors in India's potential across sectors – from consumer internet platforms like Swiggy and FirstCry to climate (Ola Electric) and healthcare (Healthium).

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Source: GPCA. Data as of 30 June 2024.

Recently Announced Exits and Private Capital-Backed IPOs in India

Company	Investor(s)	Exit Type	Status
 SWIGGY	360 ONE, Accel, Elevation, Kotak, others	IPO	Filed for IPO to raise USD1.3b
 OLA ELECTRIC	Matrix Partners, Edelweiss, Temasek, Tiger Global, others	IPO	Received approval for USD660m IPO
 niva Health Insurance	Motilal Oswal, Paragon Partners, Temasek	IPO	Filed for IPO to raise USD360m
 firstcry .com	Chiratae Ventures, Premji Invest, TPG, others	IPO	Received approval for USD218m IPO
 Healthium	Apax Partners	Secondary	KKR signed definitive agreements to acquire Apax stake, awaiting regulatory approvals

Methodology

For more information on the methodology behind GPCA's private capital dataset, [visit the GPCA website](#) or contact research@gpcapital.org.

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