Concept Note for Formation of a large Indian homegrown Private Equity Fund

The decade 2025 to 2035 is to see one of the largest economic booms ever witnessed as there is poised to be a major economic shift from a China centered global economy to an India centered global economy.

The factors supporting this are i). The aging working population in China, causing productivity levels to drop. ii). China has witnessed almost 25 years of unimpeded double digit economic growth, causing purchasing power to increase amongst Chinese citizens, driving up costs of production, making many manufacturing activities unsustainable for global scale production. iii). India has an enormous mature working population offering the cheapest production alternative presently in the world (Per capita salary expectation in India is presently 250 USD vs 1250 USD in China, a situation present in China 15 years ago) iv). The large size of the Indian population, along with rising investment levels offers the largest consumer market globally.

This calls for tremendous economic opportunity available and the right strategic investments are poised to unlock all these benefits and take the economy to its true potential.

Learning from history and other global practices, it is highly likely that international funds will look to play a major role in this, but homegrown funds should be scaled to take on these opportunities and retain the benefits arising out of this economic boom within the national economy to enable sustainable growth in the future. This will also ensure efficient growth.

Top globe funds such as Blackstone, Blackrock, Apollo, KKR, Carlyle (based out of USA), Mubadala (UAE), Nippon, JICA, Rakuten etc (Japan) or GIC of Singapore are all examples of how PE funds have the ability to direct and enable economic transformation in all regions and economic sectors. It is disheartening to know that there is as yet no noticeable Indian fund amongst this list, but also presents a key economic opportunity to determine a great future for the Indian economy. It is our proposal to work together to build one of the world's largest PE funds out of India, and play a pivotal role in the next phase of industrialization and globalization.

The fund is conceptualized to bring together some of the most prolific and visionary leaders from diverse fields to birth and nurture the idea. Working with a diverse set of economic participants such as policy makers, sector experts, bankers, wealth managers, VHNI's, sovereign funds, strategic consultants, the fund can discover the latent economic opportunities and also put together the resources required to give life to the same.

The investment philosophy of the fund is to be sector agnostic, work on large scale projects, and be the asset owner. This would enable the fund to compete where others cannot, assure uniform governance standards, ensure all assets are strategically conceptualized, professionally run, profit generating and transmit a higher return to the investors by acting in a fiduciary capacity only.

The present PE opportunity in India is at 60 Billion USD annually poised to multiply in size.

This note is conceptualized by Akhil Teja, Bengaluru India. a former banker and corporate professional who has worked across a spectrum of sectors, in regions across the world. He has completed an MBA from IE Business School, Madrid with a keen interest in Strategy and Investments. akhilteja.work@gmail.com. 919986760382

The Ask

PE funds work on incorporated partnership models. There are general partners looking into the management of overall affairs of the organization, limited partners who have financial exposure to the fund, but do not always engage in affairs of management. The income of the fund arises from a fee collected on raised funds and a minor share of the net proceeds transferred to the investors.

In order to achieve the intended scale efficiently and maintain credibility in the eyes of global investors, this fund is extremely dependent on its advisors and enshrined internal processes. We envision bringing some of India’s most visionary and prolific leaders from the economic and policy fields for inputs on raising investments, deploying those investments and ensuring the best practices are followed.

We are inviting esteemed personalities to kindly lend their experiences in a foundational or advisory capacity. Your association will bring the credibility and guidance required to convince global investors of the opportunities available, and of our ability to give shape to these opportunities in the most efficient manner.

We would like to create opportunities to associate in advisory and executive capacities so that leaders can bring in their decades of experience, skills and knowledge. We envision creating an autonomous organization where the smartest minds have the opportunity to collaborate, contribute and work at a truly global scale. If this document has reached you, we request that in your exalted capacity, kindly guide us on how to carry our vision forward and we would be most grateful if you would join our mission and play a pivotal role in these fledgling stages in any capacity.

With your support and guidance we would like to take the fund a few steps forward to building a large self-sustaining organization that provides multiple other great minds an opportunity to contribute to this story.

The Fund Process

The fund is envisioned to morph into an economic investment vehicle, owning some of tomorrow's landmark economic assets. These need to be discovered through a focused research process led by economic and sectoral experts who can identify latent opportunities. Hence, a dedicated economic research wing is one of the most fundamental assets to build within the fund. Working with global consulting partners, the fund will be able to bring together real economic opportunities not only within the region.

The other critical aspect of the fund is an outreach to the vast pool of investors comprising (V)HNI’s globally, sovereign funds, corporate houses, banks and depositories spread across the world. This can be tapped by reaching out through minimal presence established strategically across the world in financial centers like Singapore, Dubai, Abu Dhabi, Madrid, London, New York among others. Within India, the government's key initiatives to uplift the investment mood such as IFSC Gujarat provide a key anchor opportunity.

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