

Sovereign funds flock to India amid FII, PE caution

Indian bonds' entry into global debt indexes may tempt sovereign funds

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MUMBAI: Some of the world's largest sovereign wealth funds, including Singapore's GIC Holdings Pte. Ltd, Abu Dhabi Investment Authority, and Kuwait Investment Authority, have significantly increased their investments in Indian stocks and start-ups the past few years.

These three funds held a collective ₹5 lakh crore, or nearly \$60 billion, in Indian stocks as of 31 March, show data compiled by *Mint*. Of that, about ₹2.57 lakh crore (about \$30 billion) was invested over the previous three financial years (2021-22 to 2023-24).

Sovereign funds are doubling down on India at a time when global private equity firms, venture capital funds and other growth-stage investors are taking a measured approach to backing domestic companies.

Their growing interest in



Sovereign funds are equally evaluating investment opportunities across public and private deals.

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Indian markets also comes amid a tapering of foreign institutional investment (FII) in the country, although analysts expect FII flows to rebound in the second half of this year. FIIs net sold ₹146.29 crore worth of equities between 1 January and 2 July.

The recent inclusion of Indian sovereign bonds in JPMorgan Chase & Co.'s global debt indexes is also expected to boost the country's appeal to sovereign funds.

Earlier this week, ADIA, the largest sovereign wealth fund in the United Arab Emirates, invested as part of the anchor

round in Emcure Pharmaceuticals Ltd's initial public offering. It is also looking to team up with private equity firm Blackstone to acquire a controlling stake in Haldiram Snacks Food Pvt. Ltd, as *Mint* reported earlier.

ADIA also pumped in ₹1,400 crore in growth-stage beauty and personal care startup Purple last week, and is set to invest ₹2,001 crore in four residential projects of real estate developer Prestige Group along with Kotak AIF. The Singapore government's GIC is the most aggressive among the three sovereign funds, holding as much as ₹2.5 lakh crore in Indian stocks. It has

invested in high-profile domestic stocks including HDFC Bank Ltd, Reliance Industries Ltd, ICICI Bank Ltd, Bajaj Finance Ltd, and Larsen & Toubro Ltd.

The Kuwait Investment Authority, or KIA, and Norway's Norges Bank hold more than ₹1.5 lakh crore in Indian stocks, as per PrimeData. This data captures stakes of more than 1% held by these firms.

Experts say India is a natural ally for several sovereign wealth funds and the only bright spot among emerging markets.

"India is a high-growth market that these firms are keen to invest in. We have seen that they have increased their deployment rate over the last 3-4 years and this is likely to continue going forward," said V. Jayasankar, managing director at Kotak Investment Banking.

Sovereign funds are equally evaluating investment opportunities across public and private deals, he added. ADIA is reportedly setting up a \$4-5 billion fund to invest in India through Gujarat International Finance Tec-City, or GIFT City, a tax-neutral finance hub in Gujarat. Sovereign funds are also steadily increasing their exposure to private companies in India.