

BPEA Credit eyes short-dated loans for new strat

- BPEA Credit holds first close on Select Short Term Income Fund I
- Provides growth credit to established businesses in India and Singapore
- Focus on short-dated, investment grade private debt

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BPEA Credit has launched a new private credit fund targeting short-dated corporate loans in India, With Intelligence has learned.

The new fund, named BPEA Credit Select Short Term Income Fund I, held a first close last month at INR3.75bn (\$44m), about halfway to its INR7.5bn target. The vehicle also has a “greenshoe” option to raise another INR7.5bn.

Kanchan Jain, the head of BPEA Credit, told With Intelligence that the strategy will focus on private investment grade lending to corporates in India and Singapore looking for a two-to-three-year funding solution.

“There is a significant demand from institutions in India that are looking for a stable product that provides consistent distributions of income on a periodic basis and are happy with the mid-teens returns in INR terms. So, we’re matching the two,” Jain explained.

BPEA Credit provides growth capital to profitable companies with an established business model, typically in support of add-on acquisitions.

The new strategy is sector agnostic, but sees infrastructure, supply chain diversification, and the energy transition as key themes, with sub-sectors such as manufacturing, industrials, business services, renewables, and mobility being of interest.

Private credit solutions also remain largely underpenetrated in India, which has mainly seen bulk of its lending come from banks and non-bank financial companies (NBFCs).

However, following the collapse of NBFC IL&FS in 2018, both categories have lenders have been more reluctant to provide capital, opening a gap which is slowly being filled by more nimble private debt specialists.

According to Ernst & Young, India's private credit market saw a total of 108 deals last year, totalling \$7.8bn – an uptick from \$5.3bn across 77 deals in 2022.

Alongside local players, global managers have also started setting up strategies focusing on the region, with the two often collaborating on joint investments.

In February, Goldman Sachs and Mubadala launched an Asia private credit fund, with a particular focus on India, while ICG in November indicated that it is exploring new investment opportunities in the country as it looks to expand its offerings to LPs.

Bain Capital Credit also launched a fund in conjunction with Piramal Enterprises, targeting \$1bn in capital for special situations investments in India.

BPEA Credit was founded in 2017 when Baring Private Equity Asia acquired the credit investing unit of Religare Global Asset Management.

Following EQT's acquisition of Baring Private Equity Asia in 2022, BPEA Credit spun off as an independent firm. Since inception, the firm has invested around \$1.1bn in Indian private credit opportunities.