

## Ex-Citi CEO joins India distressed market

**Vikram Pandit is the latest to target distressed opportunities in India, readying the launch of a \$100m private equity fund in partnership with JM Financial.**

[Clare Burrows](#)

Former chief executive of Citigroup Vikram Pandit is turning to private equity after he resigned from the high-profile post last October.

Pandit has now made a strategic investment in Indian financial services company JM Financial, with which he will launch a distressed assets private equity fund targeting \$100 million, according to a company statement.

The pair will also launch a new Indian bank subject to approval from the Reserve Bank of India, as well as a non-banking finance company. Pandit will be non-executive chairman of the proposed bank.

"JM Financial and Vikram Pandit have known and worked with each other extensively for many years since the early days of the growth of financial services in India," JM Financial group chairman Nimesh Kampani said in a statement. "We share similar values and are confident that the proposed association will create strong domestic financial services businesses with global best practices and reach. We are very excited to have Vikram as a strategic investor."

“I continue to believe in the long term growth prospects of India”

*Vikram Pandit, former chief executive of Citigroup, is plotting a \$100m distressed fund for India*

Pandit added in the statement, "I continue to believe in the long term growth prospects of India. I have known Nimesh and JM Financial for over two decades and believe that, given the opportunity, JM Financial can provide the banking and financial services that the country needs."

Pandit is joining a slew of firms targeting distressed opportunities in India.

SSG Capital Management closed a second special situations fund in November 2012 on its \$400 million hard-cap, while ICICI Venture and Apollo Global Management have established a joint venture called AION, which is raising a special situations fund targeting around \$500 million. Kohlberg Kravis Roberts has also registered a credit fund with SEBI, although is yet to announce a target amount. Weijian Shan's PAG notably raised \$900 million in 2011 to acquire Asian businesses from distressed European or US sellers.

However, LPs are not entirely convinced by the proposition, according to one Hong Kong-based placement agent. We have seen some [interest], but Asian distressed is still, to be honest, not a mainstream play," the agent said. "A lot of people are preempting the market and saying there are a lot of companies that require bridge financing or distressed capital, but I don't think it will be a go-to strategy [for LPs]."

Fundraising for some groups has certainly proved tougher than others. AION made a first close on \$350 million last June, sources with direct knowledge of the matter told *Private Equity International*, but is yet to reach a first close. A spokesman from ICICI said the fund's \$500 million target has never changed, however sources close to the matter believe the original target of the fund was reduced from between \$750 million and \$1 billion.

Even if foreign LPs remain cautious about making commitments at this stage, the opportunity to provide distressed debt in India is increasing, according to Ruchir Sinha, partner at Nishith Desai Associates. "The space is getting more and more interesting. While investment interest in India is still dwindling, I think distressed assets present great opportunities."

Sinha explains that firms have historically faced the challenges in the distressed space as India did not allow significant foreign investment into debt. This has recently changed, however, as India's ministry of finance now allows all qualified foreign investors, including private equity firms, to invest up to an overall limit of \$51 billion in the form of corporate debt in India – a number that was increased from just \$1 billion.