

## Grading report

April 30, 2025, | Mumbai

### Crisil assigns Fund Management Grading – 1 to L Catterton India Fund



Crisil has assigned **Fund Management Grading – 1** to L Catterton India Fund (L Cat India), a Category II alternative investment fund (AIF).

Schemes graded 'Crisil Fund Management Grading – 1' are judged to follow '**very strong**' standards in investment processes and management practices.

### About the fund

L Catterton India Fund is the name of the scheme under the AIF established as a trust under the provisions of the Indian Trusts Act, 1882. It is registered with the Securities and Exchange Board of India (SEBI) as a Category II AIF with the purpose of making investments primarily in companies in the consumer products and service industry. The term of the fund is 10 years from the first close. The fund's target size is around Rs 4,980 crore\* (USD 600 million), including a greenshoe option of around Rs 1,660 crore\* (USD 200 million).

L Catterton India Sponsor LLP is the sponsor, while L Catterton Mumbai Advisory Services Pvt Ltd is the investment manager (IM), and Orbis Trusteeship Services Pvt Ltd is the trustee of the fund. L Catterton was formed in 2016 through a partnership between Catterton, LVHM and Financière Agache (formerly Groupe Arnault). In 2023 Hunter Point Capital, an independent investment firm, picked up a minority stake of 10% in L Catterton. The firm draws synergies from its global parent in terms of people and processes.

### Detailed rationale

The grading indicates the investment team's extensive experience and network in private equity across the fund's focus sectors. It is supported by a well-defined investment process, robust post-investment monitoring mechanism, well-defined roles and responsibilities of team members and transparency in client communication.

The key managerial personnel (KMP) comprise two members with average experience of 25 years. The sponsor and its affiliates will contribute ~7% of the fund corpus as the sponsor commitment, which is more than the minimum continuing interest required as per the applicable regulations.

The investment team is led by Executive Chairman, India and Head of India Investments. They are supported by an eight-member investment team with relevant experience in private equity investment management member team. Further, the team has established a network of individual and industry connections which has helped them identify most of the deals. The team also seeks intermediary assistance for sourcing deals. The investment team is supported by an in-house operations team along with independent agencies to conduct commercial, financial, environmental, social and governance (ESG) forensic, insurance and legal due diligence. External sector experts are also consulted for additional inputs as and when required.

L Catterton India Fund has an investment policy which sets out a broad investment framework, restrictions and the role of IM and the Investment Committee (IC). The investment process is clearly defined in the fund private placement memorandum and covers all areas from deal origination to evaluation, including due diligence and deal review to be carried out by the IC at various stages. The IC is the investment decision making body. It comprises four members – two from the Indian team and two from the global team. The investment proposal goes through three levels of evaluation and approvals before the IM makes an investment decision. At the initial stage the deal team prepares a one-pager about the proposed deal which is discussed at the weekly investment team meeting. Once approved, a five-pager document (based on expert calls, market visits, management discussions and desk research) is prepared. Upon obtaining preliminary approval from IC, a comprehensive investment thesis (including due diligence findings) in the form a 'GP Bringdown' is collated and presented to IC for final approval.

The proposal notes are comprehensive and cover investment details, merits, considerations, industry and company overview, detailed financial summary, value creation bridges and exit options and scenarios, etc. Transactions involving potential conflict of interest are referred to the limited partner advisory committee (LPAC) for approval. The IC meets on need-by-need basis, while the LPAC meets bi-annually.

The senior members of the investment team also oversee post-investment monitoring and value creation by providing operational and strategic insights to the investee companies. The team guides the portfolio companies through active involvement as both an investor and board member. The team assists portfolio companies in bringing about operational and management changes when necessary.

The investment team meets on a weekly, monthly and quarterly basis to discuss various aspects of the investment company such as financial performance, target achievement, channel expansion, working capital, governance, statutory compliances, key issues and action plan. In case of any deviations, the deal team works closely with the investee company to identify the causes, assess the impact and decide on corrective actions.

The team has a well-trained and equipped client servicing personnel based out of Singapore who monitor, track and resolve investors' information requests and grievances within the stipulated time. The fund also has dedicated personnel who oversee investor relations, finance, legal functions and operations.

The fund has implemented robust transparency in client communication and disclosure procedures, and provides investors quarterly updates to, which include fund and portfolio summary, investment overview, investment thesis, financials, key indicators, operating trends, operating agenda, targets, and key achievements. Quarterly meetings are held with the investors, in addition to the annual meet.

L Catterton India Fund is L Catterton's first India focused funds and is currently in the fund-raising stage. The firm has multiple funds across various Asian geographies like China, Singapore and Japan. In the past the firm had made three

investments into Indian companies through a Singapore based offshore fund – LCA I. As of September 2024, LCA – I fund had a gross IRR of 24% and distribution to paid-in capital (DPI) of 0.3x.

## Scoring model

The schemes are assigned scores on a five-point scale, ranging from fund management grading – 1 to fund management grading – 5.

Grading level	Definition
Fund Management Grading – 1	The scheme follows <b>very strong</b> standards pertaining to the investment processes and management practices
Fund Management Grading – 2	The scheme follows <b>strong</b> standards pertaining to investment processes and management practices
Fund Management Grading – 3	The scheme follows <b>adequate</b> standards pertaining to investment processes and management practices
Fund Management Grading – 4	The scheme follows <b>below average</b> standards pertaining to investment processes and management practices
Fund Management Grading – 5	The scheme follows <b>weak</b> standards pertaining to investment processes and management practices

**Link to related criteria:** [Fund management grading methodology](#)

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