

Capria Ventures hits market for second vehicle as debut fund eyes final bet on India fund

By

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Capria Ventures is at the fag end of deploying its first emerging markets fund that sought to raise \$100 million and is now preparing to launch its second vehicle, Dave Richards, co-founder and managing partner of the global venture capital firm told VCCircle.

Richards said that the first Capria Fund, which had [marked its first close](#) in November 2018, is considering its final investment in an India focused fund. He did not disclose the identity of the domestic fund.

The Capria Fund makes commitments to funds that are part of the Capria Network, which is akin to a “virtual global investment firm” across India, Southeast Asia, Latin America and Africa that it terms as global south. It has so far made investments in at least 15 funds in these regions including two India focused funds – Unitus Ventures, an impact investment venture capital firm and Arkam Ventures, floated by former executives at Helion Venture Partners and Kalaari Capital.

The Capria Fund also makes direct investment in companies that have received investments from the funds it has invested in. It typically makes direct bets at the Series B stage in a general syndicated round size of \$10-30 million.

The fund's recent direct investments in India this year include BetterPlace, a technology platform for blue-collar workforce management, and Eduvanz, a fintech company focused on student financing.

Richards said that the final close of its first fund was made last year in June. He, however, did not disclose the total amount it raised. The fund had made the first close in 2018 drawing Limited Partner (LP) commitments from Vulcan Capital, the investment arm of the late Microsoft co-founder and philanthropist Paul Allen, and International Finance Corporation (IFC), the World Bank's private-sector investment arm, among others. Most of its LPs were family offices and foreign LPs.

Capria is currently in the process of launching its second fund. The fund will be launched "soon", said Richards without revealing its target corpus and the timeline of the first close. He explained that the new fund will more or less follow a similar strategy of investing in funds that are typically doing seed, pre-Series A and Series A investments as well as making direct bets. Increasingly the fund will be targeting writing larger cheques and reserving capital for direct investments, he added.

While assessing to invest in funds, Capria typically looks to partnering with managers who fall under the emerging manager category. This category of managers typically has funds of less than \$500 million in assets under management (AUM) and less than 10 years of track record as a fund. Within this, it also looks to invest in first time fund managers like it did with Arkam Ventures, which [announced](#) its first close of its debut fund last year. The prospective funds should also be keen to be part of its global Capria Network of fund as it also provides strategic support besides extending capital, he added.

Capria Fund primarily focuses on six sectors: fintech, edtech, jobtech, logistics/mobility, agtech/food, and healthcare and its direct investments mainly go into soonicorns — startups with enough revenues and growth rates to be unicorns soon, said Richards.

He noted that India's venture capital market has recently been growing dramatically as Covid-19 has accelerated digitisation in the country. "We are bullish on India so you will see more investments from us in the country," he said. India has witnessed the birth of 33 unicorns so far this year versus 11 in the whole of last year, signaling enormous investor [interest](#) in the country. He also highlighted that the coronavirus pandemic has boosted the venture space in its other focused regions as well.

In terms of attractive sectors now in India, Richards said that the edtech space has seen a huge surge and it is excited about fintech beyond just those high-profile ones that are doing consumer lending. He also said that Capria sees a huge opportunity in the job tech market in India.

“In India 1 million youth turn 18 every month and they need jobs. India has massive inefficiency in helping them find jobs so there is an opportunity for us to address that,” explained Richards.

He also noted that healthtech in India has struggled more as an investment opportunity for venture capital firms despite having good companies due to challenging regulations and underdeveloped insurance market. In comparison, Southeast Asia has done better in healthtech and Africa has seen a surge in healthtech, added Richards.

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