# Venture Capital & Private Equity in India

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INDIA VENTURE CAPITAL ASSOCIATION

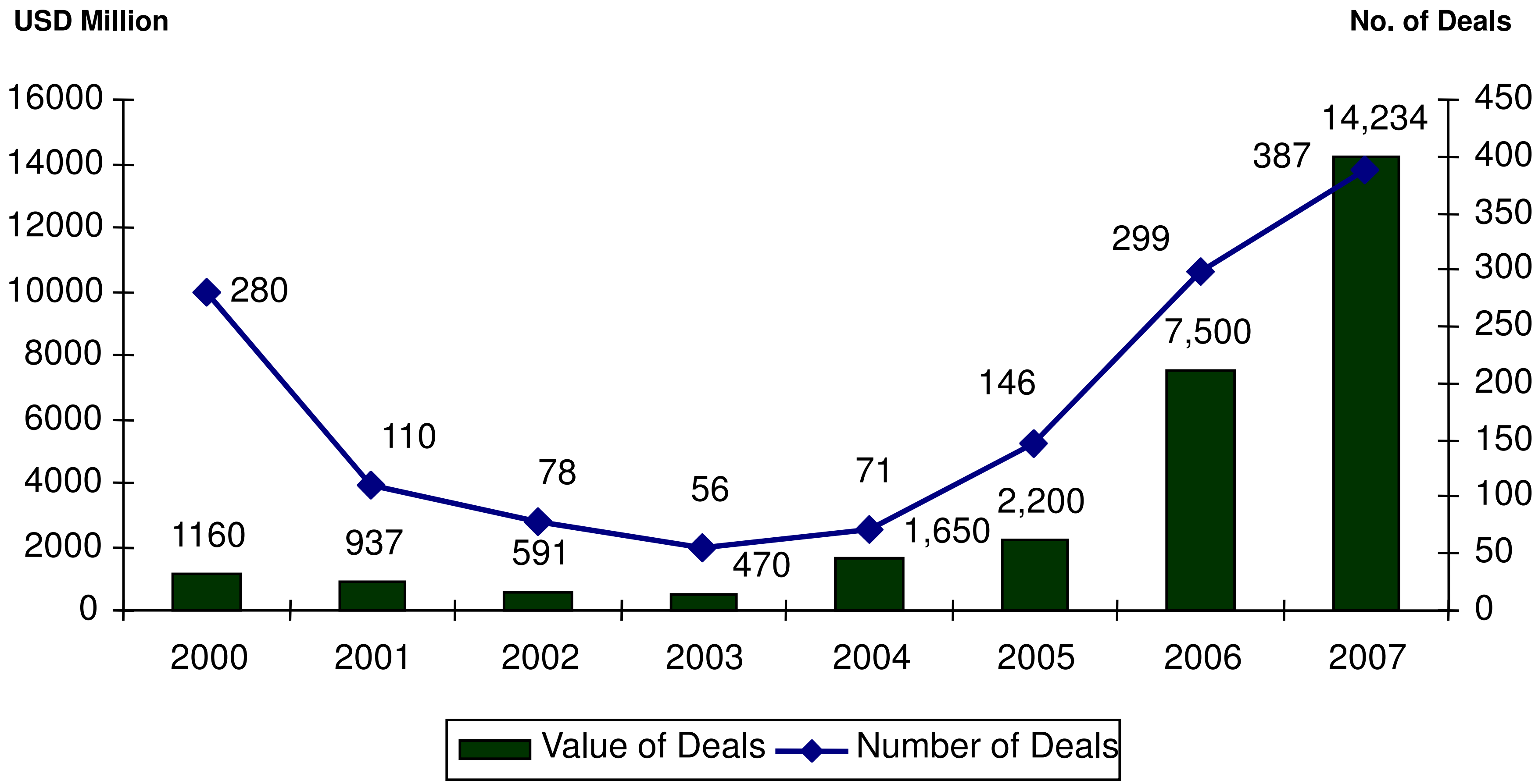
# Setting the stage - Venture Capital in India

- Phase I - Formation of TDICI in the 80's and regional funds as GVFL & APIDC in the early 90s.
- Phase II - Entry of Foreign Venture Capital funds (VCF) between 1995-1999
- Phase III - (2000 onwards). Emergence of successful India-centric VC firms
- Phase IV – (current) Global VCs and PE firms actively investing in India
- 300 Funds active in the last 3 years (Government, Overseas, Corporate, Domestic)

# The Opportunity

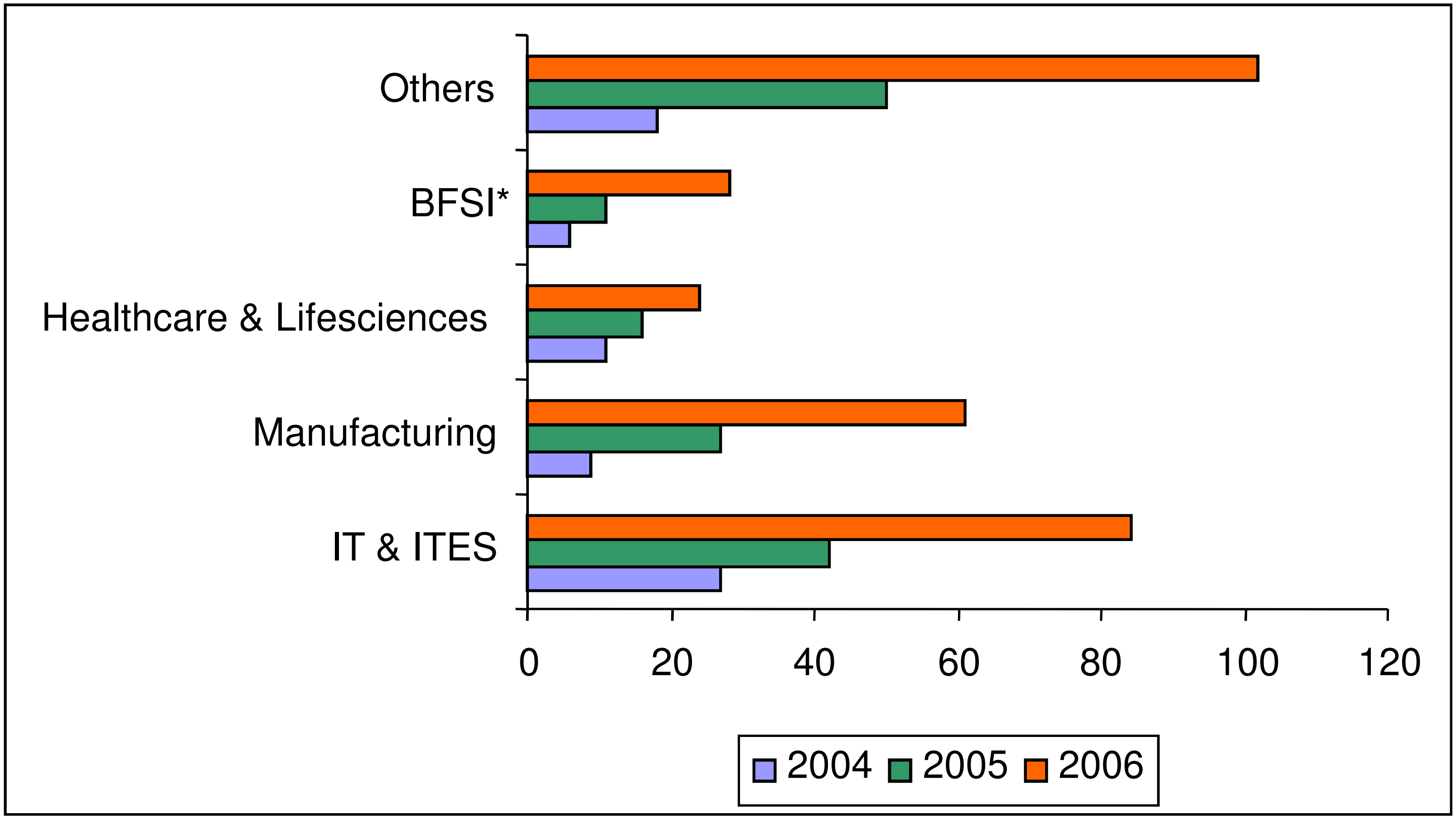
- High Growth in Technology and Knowledge based Industries (KBI)
- KBI growing fast and mostly global, less affected by domestic issues.
- Several emerging centers of innovation – biotech, wireless, IT, semiconductor, pharmaceutical.
- Ability to build market leading companies in India that serve both global and domestic markets.
- India moving beyond supplier of low-cost services to higher-value products.
- Quality of entrepreneurship on ascending curve.

# Growth of PE/VC in India 2000 – 2007 (US$ millions)



# Investments by Sector

## Number of Deals




2006: Others

Textiles, garments, Media & Entertainment, Retail

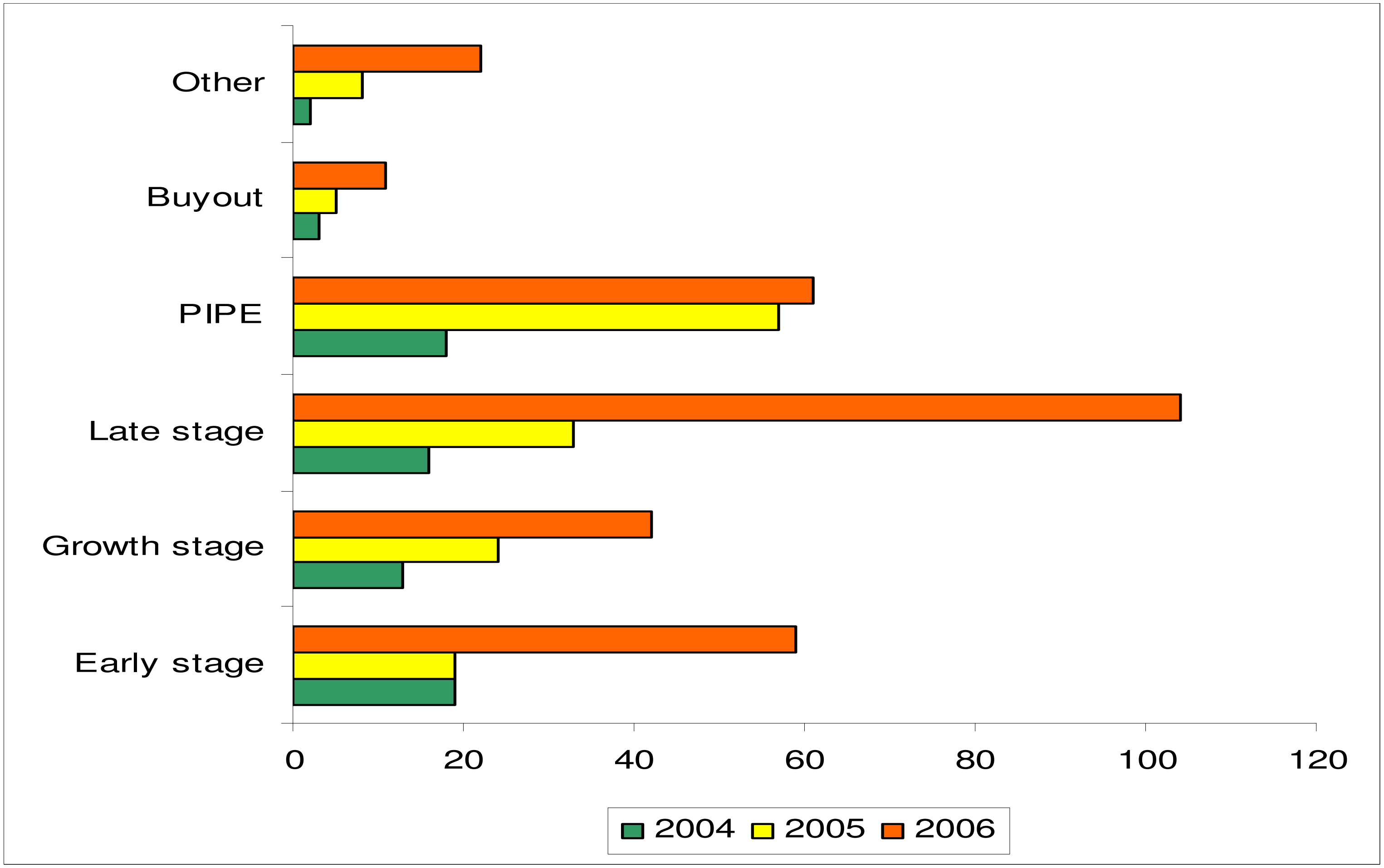
Eng/Construction, Food & Beverage, Real Estate

*Source: TSJ Venture Intelligence*

*Banking, financial services & insurance

# Investment by Stage

## Number of Deals




PIPE – Private investment in public equity

*Source: TSJ Venture Intelligence*

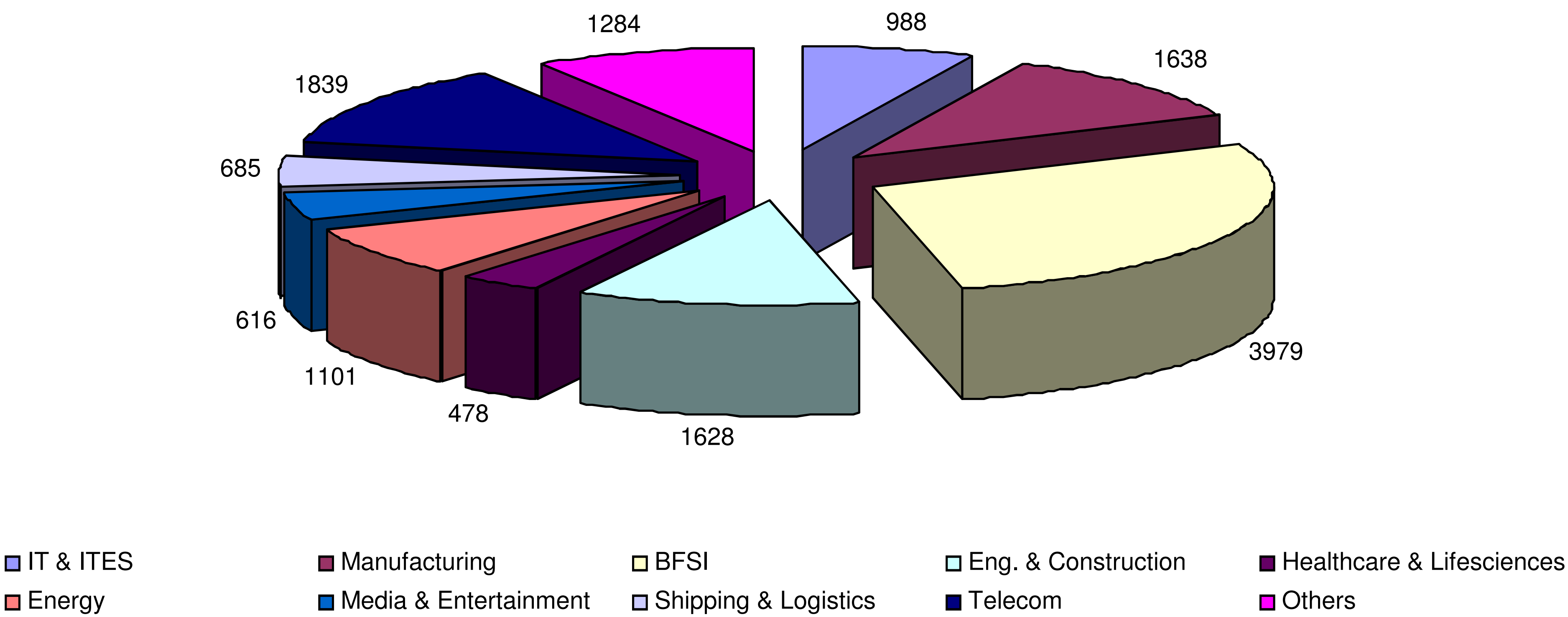
# 2007 – PE/VC Trends

- 31% of all investments fell into the US$10-25 million category
- Venture capital investments accounted for 25% of the private equity deals (in volume terms). Late stage deals accounted for 35% of all deals
- PE firms obtained exit routes in 65 companies, including 16 via initial public offering (IPO)

# 2007 – PE/VC Trends (cont'd)

- While companies based in South India attracted a higher number of investments, their peers in Western India attracted a far higher share of the pie in value terms.
- Among cities, Mumbai-based companies retained the top slot with 108 private equity investments worth almost US$6 billion in 2007, followed by Delhi/National Capital Region with 63 investments worth almost US$2.7 billion and Bangalore with 49 investments worth US$700 million.
- Citigroup was the most active investor, with a portfolio across energy, engineering & construction, manufacturing. Other active investors include: ICICI Ventures, Goldman Sachs and Helion Ventures

# 2007 PE/VC Investments by industry Total US$14.2Bn




*Source: TSJ Venture Intelligence India*

# PE Investments by Stage : 2007

| PE Investments by Stage | | | | |
|---|---|---|---|---|
| Stage of Company Development | Volume / No. of Deals | | Value / Amount (US$ M) | |
| | 2007 | 2006 | 2007 | 2006 |
| Venture Capital | 98 | 94 | 542 | 505 |
| Growth PE | 32 | 14 | 1321 | 384 |
| Late | 136 | 104 | 5070 | 3396 |
| Pre-IPO | 14 | 4 | 434 | 43 |
| PIPE | 80 | 60 | 4210 | 1401 |
| Buyout | 7 | 13 | 173 | 370 |
| Buyout-Large | 3 | 1 | 474 | 765 |
| Other* | 17 | 8 | 2010 | 312 |

* Includes Infrastructure investments

*Source: TSJ Venture Intelligence*

# Top Cities attracting PE Investments (2007)

| **City** | No. of Deals | Value (US$M) |
|---|---|---|
| Mumbai | 109 | 5995 |
| Delhi/NCR* | 63 | 2688 |
| Bangalore | 49 | 685 |
| Hyderabad | 41 | 1380 |
| Chennai | 32 | 824 |
| Ahmedabad | 14 | 492 |
| Kolkata | 12 | 339 |
| *includes Noida & Gurgaon | | |

*Source: TSJ Venture Intelligence*

# Please contact IVCA for further information:

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