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# Venture Capital & Private Equity in India

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The logo for the Indian Venture Capital Association (IVCA) features the letters 'IVCA' in a large, bold, serif font. The 'I' and 'V' are connected at the top, and the 'C' and 'A' are also connected at the top. The letters are a dark red or maroon color.

*Indian Venture Capital Association*

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# 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
  - 150 Funds active in the last 3 years (Government, Overseas, Corporate, Domestic)
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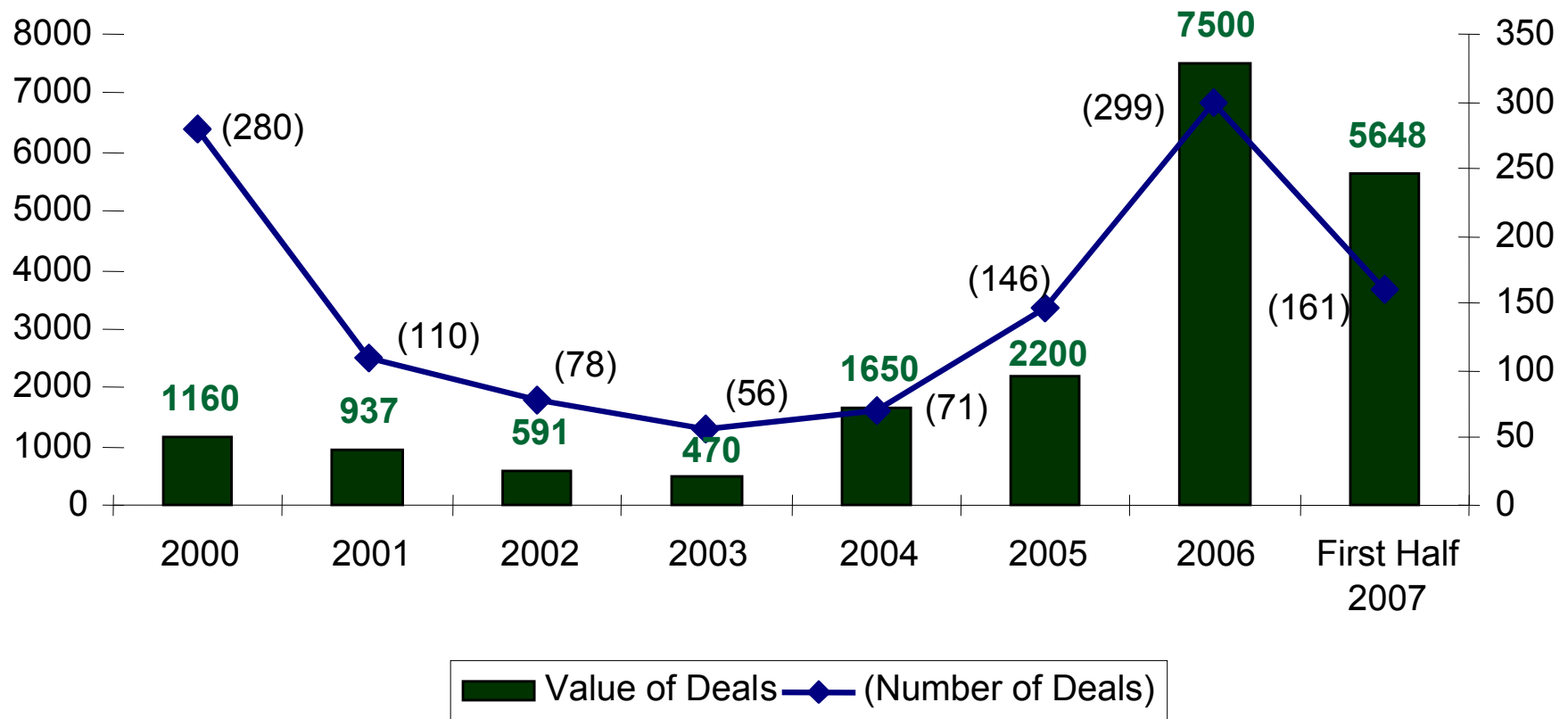
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# The Opportunity

- 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.
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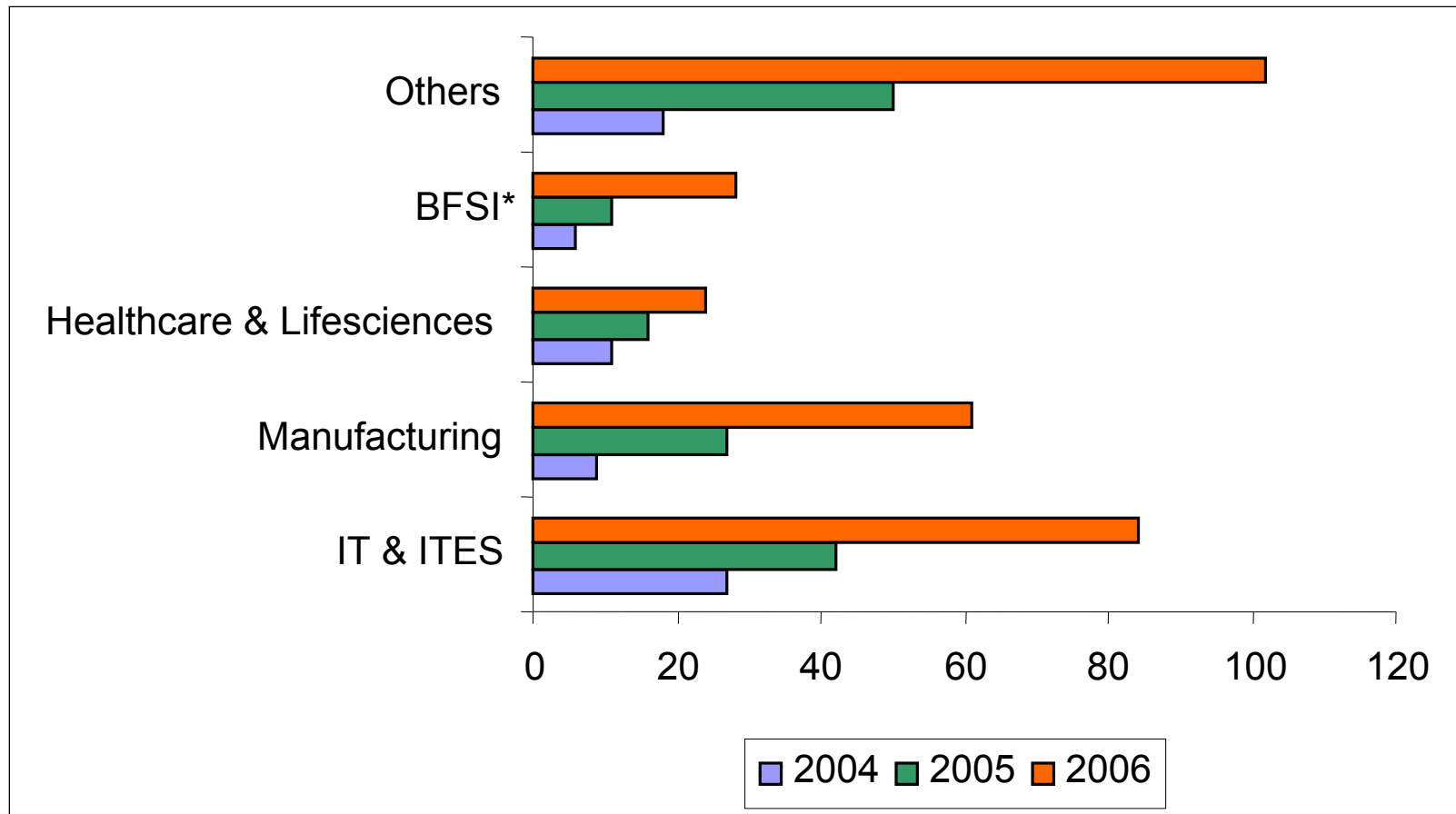
# Growth of PE/VC in India

2000 – 1H2007 (US\$ millions)



# Investments by Sector

Number of Deals



2006: Others

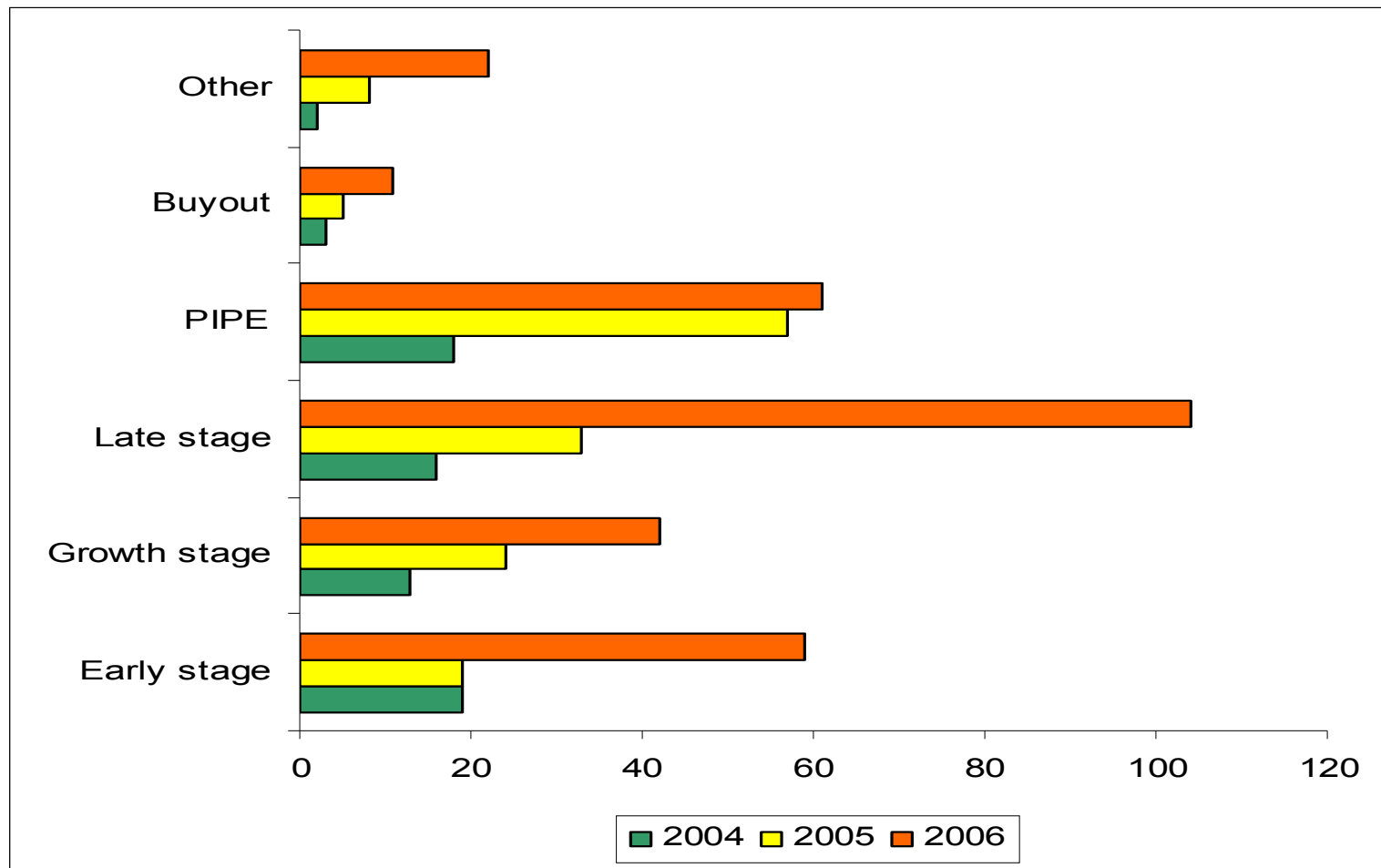
Textiles, garments, Media & Entertainment, Retail  
Eng/Construction, Food & Beverage, Real Estate

Source: TSJ Venture Intelligence

\*Banking, financial services & insurance

# Investment by Stage

Number of Deals



PIPE – Private investment in public equity

Source: TSJ Venture Intelligence

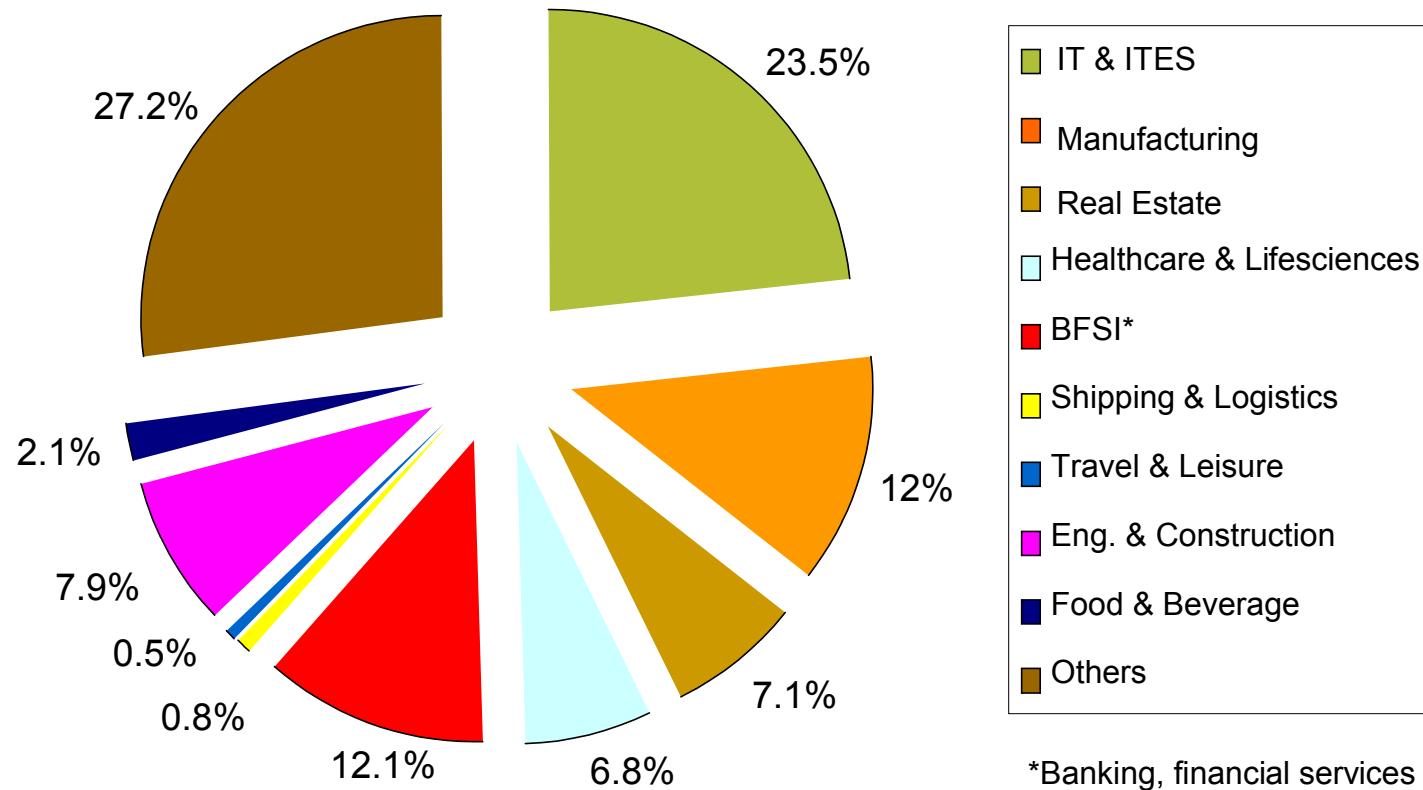
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## 2006 – PE/VC Trends

- US\$7.5bn invested in 2006 across 299 deals.
  - IT & ITES retained its status as the favorite industry among PE investors, followed by manufacturing and real estate.
  - Largest PE deal was \$900M LBO of Flextronics by Kohlberg Kravis Roberts (KKR).
  - M&A and IPO activity continued to remain strong.
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# 2006 PE/VC Investments by industry

## Total US\$7.5Bn



Source: TSJ Venture Intelligence India



## PE Investments by Stage : 2006

Stage of Company	No. of Deals	Amount (US\$M)
Early Stage	59	236
Growth Stage	42	393
Late Stage	104	3663
PIPE	61	1314
Buyout	11	1125
Others	22	769

*Source: TSJ Venture Intelligence India*

- Late stage and PIPE deals accounted for ~70% of overall value of PE transactions (PIPE: banking, pharma, auto components)

# Selected ES IT/ITES Investments 2006

Source: TSJ Venture Intelligence India

Others: Animation services: Rich Crest, remote IT infrastructure management Microland; chip design firm InSilica

<b>Company</b>	<b>Investors</b>	<b>Amount (US\$-M)</b>	<b>Sector</b>
24x7 Learning	KITVEN, Individuals	10	Online education services
Travelguru	WestBridge (Sequoia)	10	Online travel services
People Infocom (Mauj)	WestBridge, Sequoia, Intel	10	Mobile Content
Secova	Barings PE	8	HR BPO
BillDesk	Clearstone, SIDBI, SBI	8	Online Services
Indium Software	Iris Capital	1	Software Testing
PharmARC	Baring PE	11	Marketing Analytics
AppLabs	Sequoia Capital	10	Software Testing
Bubble Motion	Sequoia Capital	10	Mobile VAS
Seventymm	Matrix Partners	7	Online movie rentals

## Selected IT/ITES Exits 2006

<b>Company</b>	<b>Investors</b>	<b>Amount (US\$-M)</b>	<b>Acquirer</b>	<b>Sector</b>
MphasiS	Baring PE	380 (for 52%)	EDS	BPO
Progeon	Citigroup	115	Infosys Tech	BPO
R Systems	Intel Capital, GE Capital	25	IPO	IT Services
OfficeTiger	RR Donnelly	250	RR Donnelly	BPO
CSS Group	SAIF	21	SAIF	IT Services
Allcargo	New Vernon, Volarado	32	IPO	Logistics

Source: TSJ Venture Intelligence India

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## Top Cities attracting PE Investments (2006)

City	No. of Deals	Value(US\$M)
Mumbai	69	1,780
Delhi/NCR*	41	395
Bangalore	40	1,525
Chennai	22	354
Hyderabad	17	492
Pune	10	1,114

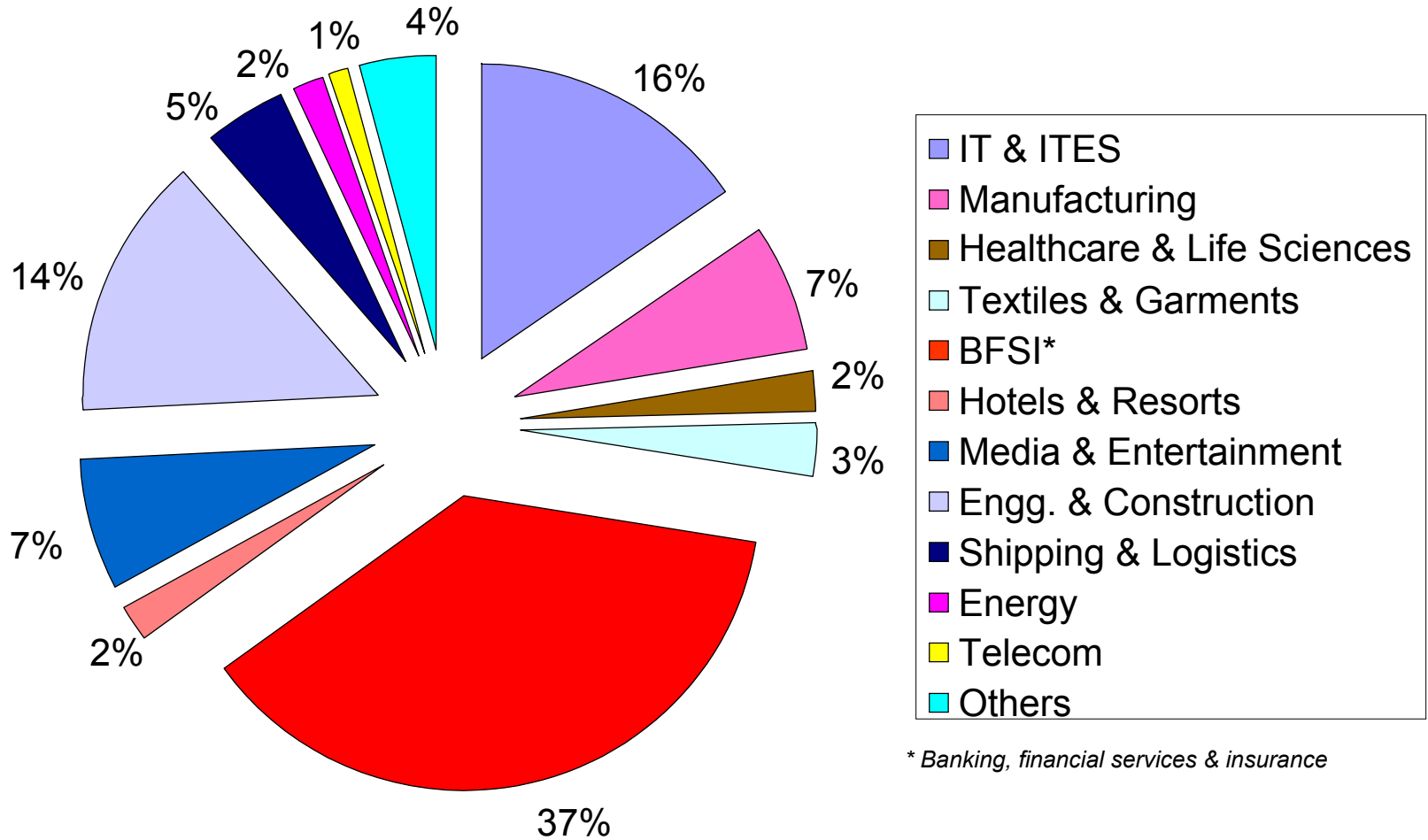
\* National Capital Region

Source: TSJ Venture Intelligence India

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# PE/VC Investments by Industry

## Total US\$5.6B (First Half of 2007)



Source: TSJ Venture Intelligence India

## PE Investments by Stage : 2007 (First Half)

Stage of Company	No. of Deals	Amount (US\$M)
Early Stage	24	154
Growth Stage	25	1082
Late Stage	67	2162
PIPE	34	1714
Buyout	6	440
Others	6	47

*Source: TSJ Venture Intelligence India*

- Total number of deals: 162 with total amount invested at ~ US\$5.6B

# PE Investments by Stage : 2007

Source: TSJ Venture Intelligence India

	No. of Deals	Value US \$M	% Share
IT & ITES	48	876	15.51%
Manufacturing	14	389	6.89%
Healthcare & Life Sciences	13	126	2.23%
Textiles & Garments	6	160	2.83%
BFSI*	26	2121	37.55%
Hotels & Resorts	3	104	1.84%
Media & Entertainment	9	413	7.31%
Engg. & Construction	13	812	14.38%
Shipping & Logistics	9	257	4.55%
Energy	3	98	1.74%
Telecom	2	50	0.89%
Others	16	242	4.28%

\* Banking, financial services & insurance

162		5,648
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