

# Global recession pulls down Private Equity investments 62%

Monday, 08 February 2010 YourStory Team  
News - Latest News

New Delhi, January 5, 2010: Four-S Research and Indian Venture Capital Association (IVCA) data for the calendar year 2009, released today, shows a significant 62.2% decline in private equity investments. PE investment in 2009 is down to \$4.22bn across 249 deals (including secondary market transactions) compared to \$11.16bn from 344 deals during the corresponding period last year.

Announcing the year-end review, Mr Mahendra Swarup, President, India Venture Capital Association, said, “While the overall trends bear the impact of global recession, private equity investors have found better value in the Infrastructure and Real Estate sectors of the Indian economy.”

According to Satyendra Shukla, CEO of leading research firm, Four-S Research Pvt Ltd, “Continued impact of the general slowdown, valuations mismatch & cautious play by investors has been the primary reasons for the low PE activity during the year.”

## IVCA-Four-S Private Equity Investment Synopsis – 2009 – Key Highlights:

- PE investments in 2009 down 62.2% to \$4.22bn in 249 deals compared to \$11.16bn from 344 deals during the corresponding period last year.
- Infrastructure & Real Estate sectors attracted maximum investment worth \$1.08bn (42 deals) and \$888.5mn (29 deals), respectively.
- Average Deal Size declined 46.1% to \$20.9mn from \$38.8mn last year due to the absence of big ticket transactions.
- PIPE transactions dominated overall investments accounting for \$926.9mn (49 deals) – largely supported by 26 secondary market transactions worth \$177.8mn & QIP participation.
- During 2009, a total of 23 funds raised \$4.67bn, compared to \$12.55bn raised by 40 funds during the corresponding period last year. Fund raising has been slow on account of global LPs remaining wary of investment climate & more focus on geography agnostic funds rather than country specific ones.
- Average fund size raised declined to \$203.4mn from \$313.9mn last year. The largest fund raised during the year was worth \$725mn – IVF-IV, buyout fund by “India Value Fund Advisor”.

- During 2009, PE firms made exits<sup>^</sup> from 63 companies worth \$1.79bn compared with \$1.17bn in just 22 exits during the corresponding period last year.
- Secondary Market exits were the most prevalent trend during the year. PE/VC exited 47 companies realizing \$901.4mn to ensure quick liquidity & profits.

\* Data according to all publicly disclosed information

^ Subsequent open market exits made by a PE from the same company during the year, have been consolidated & taken as one single exit

### About Four-S

Four-S Research is the research arm of finance & consulting firm Four-S Services Pvt Ltd, a seven year old firm with wealth of experience in research & financial consulting. The firm provides customized services for leading PE players & companies looking for Investment advisory services. Four-S has been actively tracking the Indian PE sector and has published 3 successful annual editions of “Four-S India Private Equity Report” and a weekly newsletter – ‘Four-S Private Equity Track’. Four-S is also the official knowledge partner to the IVCA.

### About IVCA

Indian Venture Capital and Private Equity Association (IVCA) is a member based national organization that represents venture capital and private equity firms, promotes the industry within India and throughout the world and encourages investment in high growth companies.

IVCA members comprise venture capital firms, institutional investors, banks, incubators, angel groups, corporate advisors, accountants, lawyers, government bodies, academic institutions and other service providers to the venture capital and private equity industry.

Members represent most of the active venture capital and private equity firms in India. These firms provide capital for seed ventures, early stage companies, later stage expansion, and growth finance for management buyouts/buy-ins of established companies.

<http://www.indiavca.org/>