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## Top global venture capitals shift focus to India, China

Times of India, 17<sup>th</sup> June 2015

<http://timesofindia.indiatimes.com/business/india-business/Top-global-venture-capitals-shift-focus-to-India-China/articleshow/47697331.cms>

As the number of private companies valued at \$1 billion rise rapidly in the US, three of the most prominent technology investors are looking increasingly to India and China.

Tiger Global Management, Coatue Management and Russian investor Yuri Milner's Digital Sky Technologies or DST Global have shifted 79% of their new investments (as against follow-on rounds) outside the US, according to New York-based venture capital (VC) data tracking firm CB Insights.

Tiger Global, one of the most reputed technology investors, has made 82% of its new investments of this year in India. And quite unlike the fund's profile, 71% has come in the first round of funding. The cheques were smaller than what Tiger writes in other countries. Tiger has made investment commitments of \$269 million across 11 deals in January-April, 2015, in India.

DST made two-thirds of its first-time investments since the start of 2014 to international companies, with all of its 2014 investments going to Chinese and Indian technology companies. Coatue has made 43% of its investments in China. "Outside of US, there are not many markets which are still growing. In India and China, you can still look for a three to four times growth by 2020, and they are bigger than any Western market," said Karthik Reddy, co-founder and managing partner of Blume Ventures, an early-stage seed fund. "These are large hedge funds and they are happy with three times return even if they are investing in early stages."

The shift towards Asia is also evident in the emergence of big investments by Asian corporate investors like Japanese telecom giant SoftBank, Chinese technology investment firm Tencent, which owns WeChat, Samsung Ventures, and the Chinese e-commerce giant Alibaba Group. Since 2010, Tencent has made more than 60 tech investments, and Samsung Ventures has made just under 50 investments, CB Insights estimates. In total, these corporate investment arms have made 600 investments in 2014, a 56% growth over the previous year.

While Softbank has invested more in US companies this year, the firm's India and China deals have been far more sizeable. SoftBank's four India deals were at an average of \$125 million per deal while it was \$323 million in China. Of its top ten deals, only three are in the US. CB Insights said that Asia-based technology companies raised over \$18 billion in 2014 with 123 US-based VCs investing in them as compared to the 106 that made an investment in European technology companies during the same period.

"Instead of a \$100 million, they are pouring in \$200 million as everybody is impatient and wants faster growth. When they see the opportunities, the end justifies the means," said Reddy. He added that the ecosystem needs to introspect on whether the end will be rosy like everybody likes to believe.

The VC community feels that India has leapfrogged its process inefficiencies, infrastructure bottlenecks and consumption patterns with the rapid adoption of smartphones. "If not 50, the country has the potential to create 10-15 billion-dollar startups," said Reddy.