

## 'PE investors to play a major role with long-term capital, value add in new-age emerging themes'

By Beena Parmar | 25 April, 2022

Get Alert on WhatsApp



Photo Credit: 123RF.com

SHARE



In the post-pandemic world, increasing digitalization of traditional businesses, new-age supply chain solutions and emergence of new-age investment themes will lead to significant opportunities for private equity (PE) investors.

In an interview, Darius Pandole, managing director and CEO of PE and Equity AIFs (alternative investment funds) at JM Financial Ltd, said the new emerging trends can potentially offer massive business opportunities across sectors like technology, manufacturing, healthcare, consumer, and financial services.

With an experience of over three decades in the alternative investment ecosystem, Pandole manages two JM Financial India Funds cumulatively worth ₹1,600 crore. From the second fund of ₹600 crore, Pandole said will be soon invest in a logistics company, marking the fund's 10th and last investment.

JM Financial PE, the alternate investment unit of JM Financial, focuses on investments in high growth companies in the small and mid-market space, focusing on the financial services, technology, consumer and manufacturing sectors.

The investment ticket-size is typically in the range of \$5-\$20 million.

The homegrown mid-market focused PE firm is now set to launch a **bigger third fund**, VCCircle exclusively reported.

While the average investment in the third fund could see an uptick, without discussing the new fund, Pandole said, JM Financial PE will focus on digital evolution across industries encompassing all aspects of life from digital lending for fintech companies to D2C (direct-to-consumer) commerce domain to continued innovation from companies providing services in edtech, agritech, consumer tech and health tech space.

“Long-term capital and ability to add value to investee companies will make PE investors an important part of the ecosystem of such emerging businesses in India,” he explained.

During Q4FY21 and FY22, the JM Financial India Fund II made four new investments – Mumbai’s BRFL Textiles Private Limited (BTPL), a Gujarat-based folding carton and packaging solutions company, Canpac Trends Pvt Ltd, Pune-based packaged food company, Walko Food Company that owns the ice-cream brand NIC and a recent investment in agri-digital platform, BigHaat Agro Pvt Ltd.

In addition to the four investments, JM fund made re-up investment rounds in two existing portfolio companies - Isthara Parks (a leading co-living and student housing operator) and Innovcare Lifesciences (a nutraceutical player).

“Our target companies typically have management teams, cash-flow and operational efficiencies in place and need institutional equity capital to scale up their business in a sustainable manner. Our association with our portfolio companies is hands-on, strategic and value-accretive,” Pandole said adding that in tech companies, JM Financial will not look at the startup space but comes in at Series A, B and C funding rounds to continue providing growth capital.

After a landmark last year for the PE-VC (venture capital) space in terms of investments, a brutal two-year pandemic and a significantly increased exit activity (in excess of \$30 billion in 2021), PE funds are enthused to increase their focus on deal making.

Pandole believes the investment tempo will continue in 2022.

“Numerous successful primary listings of startups including Zomato, Nykaa and Policy Bazaar bolstered investor confidence in Indian capital markets as a viable avenue for exit. This momentum is expected to continue into FY23 with a number of big-ticket IPOs lined up,” he said.

Last year also saw healthy secondary transactions and a massive uptick in M&A (mergers and acquisitions) activity, especially amongst digital businesses.

A large part of our exits too will happen through the M&A route or through secondary sales, Pandole added.

According to him, the key investment trends that we see emerging in 2022, are likely to continue over the next decade.

Some of the key spaces would include scaling up of the logistics and supply chain infrastructure, a fundamental shift in the agriculture sector driven by the increased internet and smartphone usage in rural India and developments in the electric vehicle (EV) ecosystem which will provide a tidal wave of opportunities across the EV value chain from auto components to the charging infrastructure to vehicles themselves.

M financial private equity JM Financial India Fund II M&A Darius Pandole exits

secondary exits investments digitalisation mid-market

SHARE

Gift This Article

Get Alert on WhatsApp