

Exclusive: Renuka Ramnath-led Multiples PE's AUM cross \$1 bn post closure of second fund

BY JOSEPH RAI



Renuka Ramnath, CEO & founder at Multiples

Indian private equity firm Multiples Alternate Asset Management Pvt. Ltd has wrapped up the fundraising process for its second fund, raising more than what it was targeting. In the process, it has garnered the fifth-largest sector agnostic private equity investment corpus ever raised for India.

"The second fund was closed in May. It has two vehicles - the main fund with \$550 million and the co-investment fund with \$135 million. The co-investment fund invests along with the main fund in larger-sized deals," Renuka Ramnath, CEO and founder of Multiples, told VCCircle.

Multiples, which was founded in 2009, has thus crossed the \$1 billion assets under management (AUM) mark, coupled with the assets under its first fund.

A bulk of the amount for the second fund came from international investors, majority of whom had invested in the first fund, Ramnath, who was earlier managing director and chief executive of another private equity firm ICICI Venture, said without naming any of them. Around 10% of the fund was raised from the domestic market, she added.

[Business conglomerate Reliance Industries Ltd is one of the backers of the new fund.](#) Reliance Industries had also invested in Multiples PE's first fund.

Multiples had raised its debut \$405 million fund in 2011 in which Canada Pension Plan Investment Board (CPPIB), Dutch pension fund PGGM, UK's CDC Group and pension and sovereign funds from Europe and West Asia were the anchor investors.

In April, [World Bank's private investment arm International Finance Corporation \(IFC\)](#) said it proposed to put in \$40.6 million in Multiples' second fund that was looking to raise a total of \$550-600 million.

Last year, VCCircle had reported that Multiples has received commitment for \$400 million from international investors for its second fund and has also [raised the target size of the new fund by a fifth to \\$600 million](#).

As first reported by VCCircle, [Multiples was earlier targeting to raise \\$500 million in its second outing and had already got commitment of \\$300 million by December 2014](#).

Second fund investments

The second fund would be fully deployed in the next two-and-a-half years in 10-12 companies, Ramnath said. It will invest in the \$50-100 million range against a ticket size of \$20-25 million for its first fund, she added.

[It has already made investments in three companies from the new fund](#), including a follow-on investment in its portfolio company from the first fund PVR, India's largest multiplex chain operator.

This came a year after the PE firm part-exited its investment from the maiden fund.

"The penchant for Indian consumer to watch movies with a good content is very high. Consumers are also spending more in terms of food & beverage so the overall profit of cinemas is improving because their avenue of income is going beyond ticket sales. Besides, brands are keen on advertising in cinemas where we are delivering increasing footfalls every year," said Ramnath explaining the thesis behind the follow-on investment.

The fund has also invested in Mumbai-based housing finance firm Vastu Housing Finance Corp and contract development and manufacturing firm Encube Ethicals Pvt. Ltd, she added.

The PE firm will look for investments in financial services, IT (excluding traditional services), healthcare & pharma, besides consumer and stressed/turnaround themes from the second fund. "We are not narrow in our investment thesis," Ramnath said.

Fund I and exits

Multiples' Fund I backed 11 companies and has been fully deployed. It has made few quick exits in the past without sticking to the four to five year holding period for a PE firm.

[The fund marked its first full exit activity by selling its remaining stake in South Indian Bank in January 2015](#). This was its first full exit and it made Rs 235 crore against investment of Rs 165 crore.

Last year, it also booked profit from Murugappa group's financial services firm Cholamandalam Investment & Finance Co Ltd.

"I am a big believer (that) money should be constantly working. Either you exit or do something new. I prefer to be agile and take up opportunities as and when they knock on their outdoor," said Ramnath.

The fund now sees exits coming from its first investment in high tech drilling equipment maker Sara Sae Pvt. Ltd in 2011 and Vikram Hospital in 2013. However, there is no pressure on getting an exit, she added.

Logistics portfolio firm Delhivery and India Energy Exchange might go for an IPO but nothing is decided yet, she said.

Other larger PE funds

Multipl's new fund becomes the fifth-largest sector-agnostic PE fund ever raised for India.

The biggest India-focused sector agnostic fund ever was raised by ChrysCapital. The PE firm had received commitment for a record \$1.25 billion for its fifth fund in 2007, at the peak of the previous bull-run in the market and fast paced growth in the economy.

This remains the single-largest India-dedicated private equity fund raised to date, excluding infra funds raised by 3i, IDFC and ICICI Venture-Tata Power besides special situations fund under AION Capital (Apollo Global and ICICI Venture). But in 2010, ChrysCap slashed the size of that fund to \$950 million.

Last year, three large PE funds were raised for India. Fairfax raised \$1.06 billion through a public listed fund vehicle. In July 2015, [India Value Fund Advisors \(IVFA\) achieved the final close of its fifth India-focused fund, Indium-V with a corpus of \\$700 million](#) (Rs 4,471 crore). In September 2015, Everstone Capital announced the final close of its third sector-agnostic but consumer theme fund, Everstone Capital Partners III LP, at \$730 million.

WestBridge Capital last year added \$575 million to its evergreen fund to take its committed capital to \$1.4 billion. This makes it the single-largest running PE-styled investment fund dedicated to India. Evergreen funds keep adding corpus as they go and are different from conventional funds.

Many other India-focused PE firms are on the road to raise new funds. CX Partners is another sector-agnostic PE firm that is looking to raise \$400 million in its second outing.