NPEA

Nepal Private Equity Association



NEPAL'S PRIVATE EQUITY AND VENTURE CAPITAL MARKET SNAPSHOT: INSIGHTS FROM 2012 - 2022

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The information within this report has been sourced from member private equity and venture capital firms affiliated with the Nepal Private Equity Association. These firms have supplied the data directly, and it has not undergone verification from a third party. The data covers the market period spanning from 2012 to the conclusion of 2022 and encompasses the investments made by eight private equity firms. These firms comprise of Business Oxygen, Dolma Impact Fund, Kriti Ventures, Tele Ventures, One to Watch, True North Associates, Aadhyaanta, and Team Ventures.

The investment specifics of the eight companies featured in this report can be categorized into three clear fund types, as depicted in Figure 1. Nonetheless, within the current Nepalese landscape, there are indeed four distinct fund types, with SIF funds having made no investments as of 2022. The existing fund types in Nepal are as follows:

Offshore FDI* Funds are registered outside of Nepal and engage in direct investments within Nepal's portfolios without the need for a local presence.

Onshore FDI Funds are established as limited liability investment companies in Nepal, attracting full or partial investments from investors, and they also have the fund manager incorporated in Nepal.

Local Fund is established as a limited liability company, with investments exclusively sourced from Nepalese investors.

Specialized Investment Fund (SIF) is formed in accordance with the regulations outlined by the Securities Exchange Board of Nepal (SEBON) in the Specialized Investment Fund Regulation of 2019.

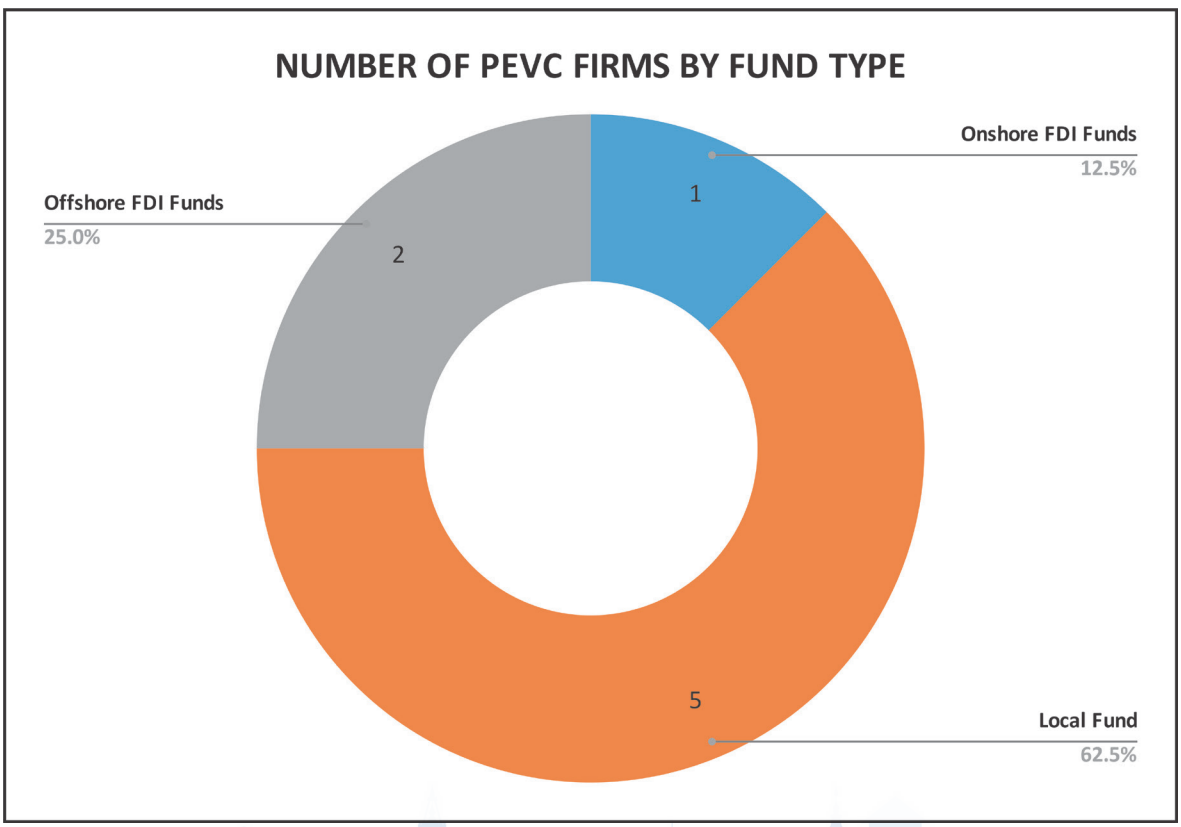


Figure 1

*Foreign Direct Investment

Figure 2 illustrates the cumulative investments made by the eight funds in US dollars over the period spanning from 2012 to 2022.

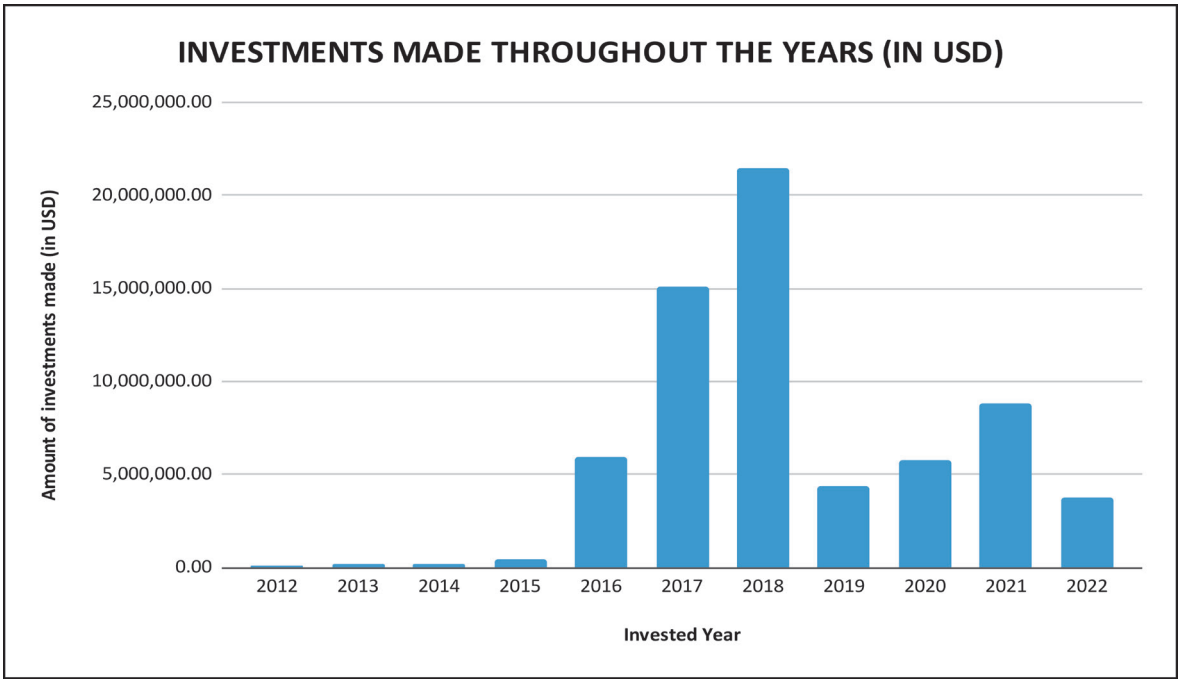


Figure 2

The funds have directed their investments through either equity or a hybrid strategy combining debt and equity elements. Figure 3 presents a breakdown of the percentage of investments allocated to each distinct instrument type. Throughout this period, most investments were channeled through equity instruments, while the remaining portion was allocated through hybrid instruments.

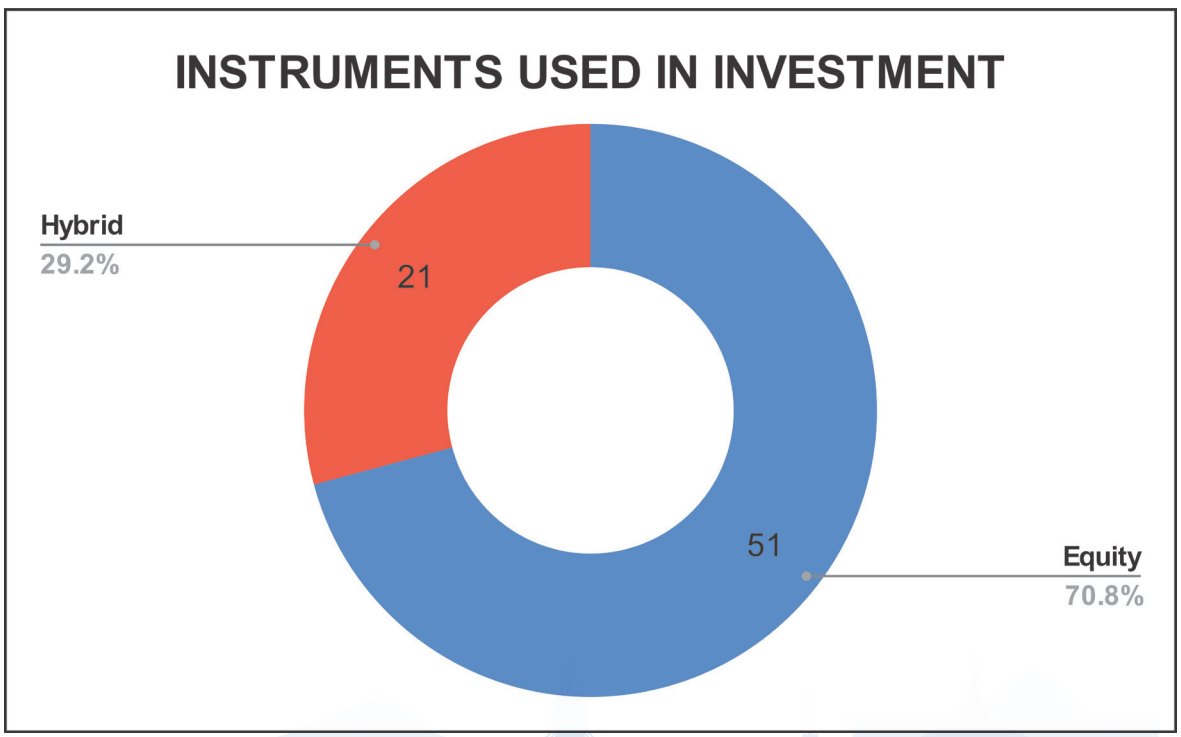


Figure 3

INDUSTRY BREAKDOWN FOR PEVC INVESTMENTS

Private equity and venture capital firms have made investments that encompass a wide range of industries and sectors in Nepal. The combined investment by these eight firms spans **15 diverse sectors** and totals approximately **USD 66 million** between 2012 and 2022. Figure 4 highlights the industries that have been recipients of these investments.

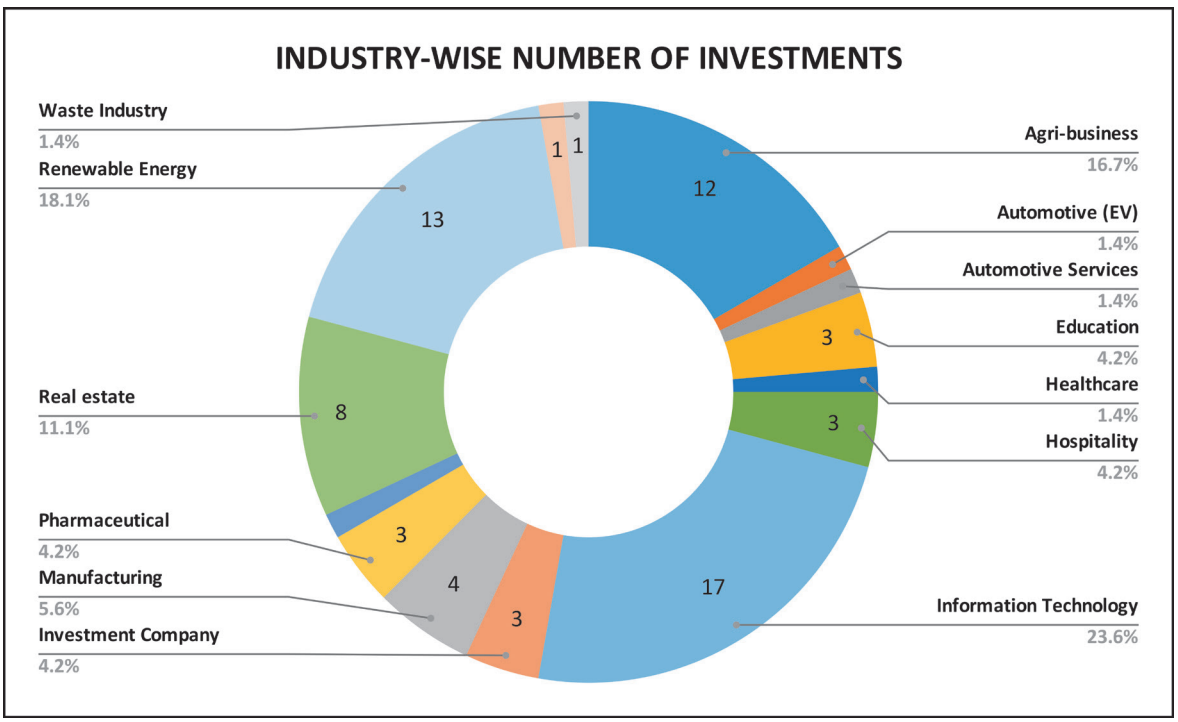


Figure 4

The allocation of investments across different industries is depicted in Figure 5. Leading in terms of number of investments made by PEVCs between 2012 and 2022 is the information technology sector, with a total of 17 investments. Following closely is the renewable energy sector, with 13 investments. Significant levels of investment activity are also noted in the agri-business and real estate sectors.

Industry	No. of Investments
Agri-business	12
Automotive (EV)	1
Automotive Services	1
Education	3
Healthcare	1
Hospitality	3
Information and Technology	17
Investment Company	3
Manufacturing	4
Pharmaceutical	3
Public Equity	1
Real estate	8
Renewable Energy	13
Trading	1
Waste Industry	1
Grand Total	**72**

Figure 5

The graphs provided below illustrate the comprehensive breakdown of the total amount of investments made by PEVC firms across different industries (in US dollar amounts). Notably, while information technology records the highest count of investments by private equity and venture funds in Nepal between 2012 and 2022, renewable energy stands out as the sector with the highest total investment amount in dollars.

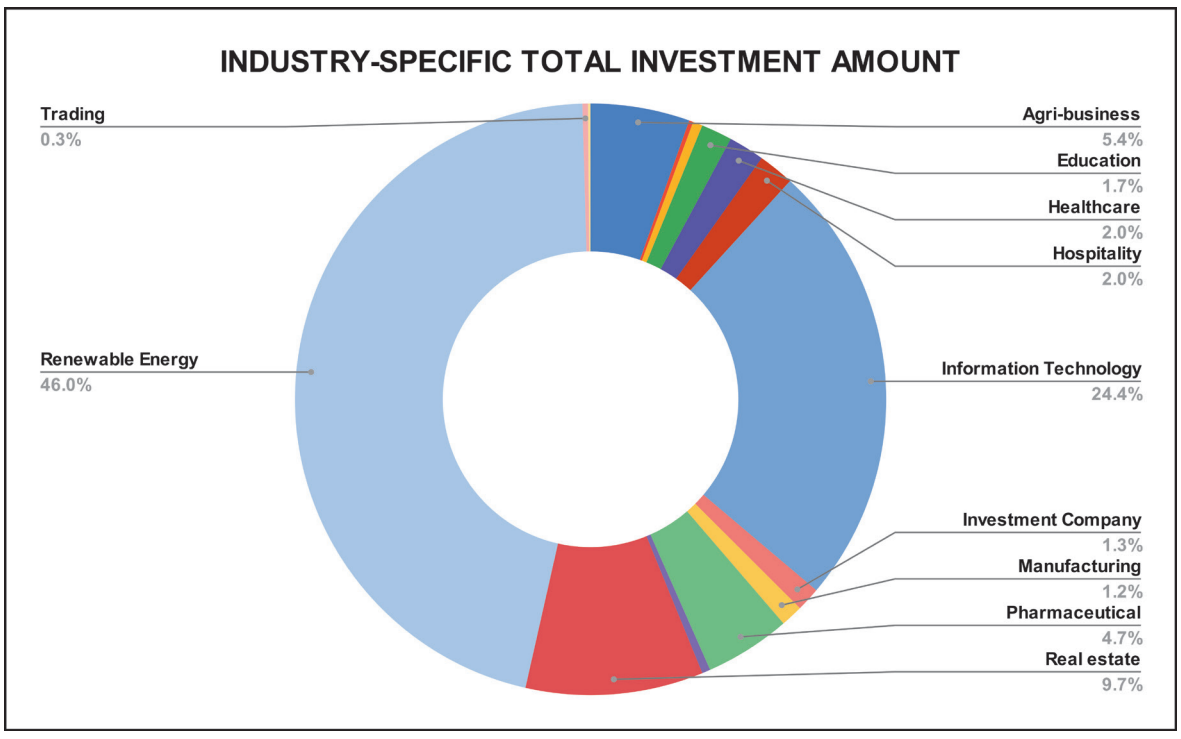


Figure 6

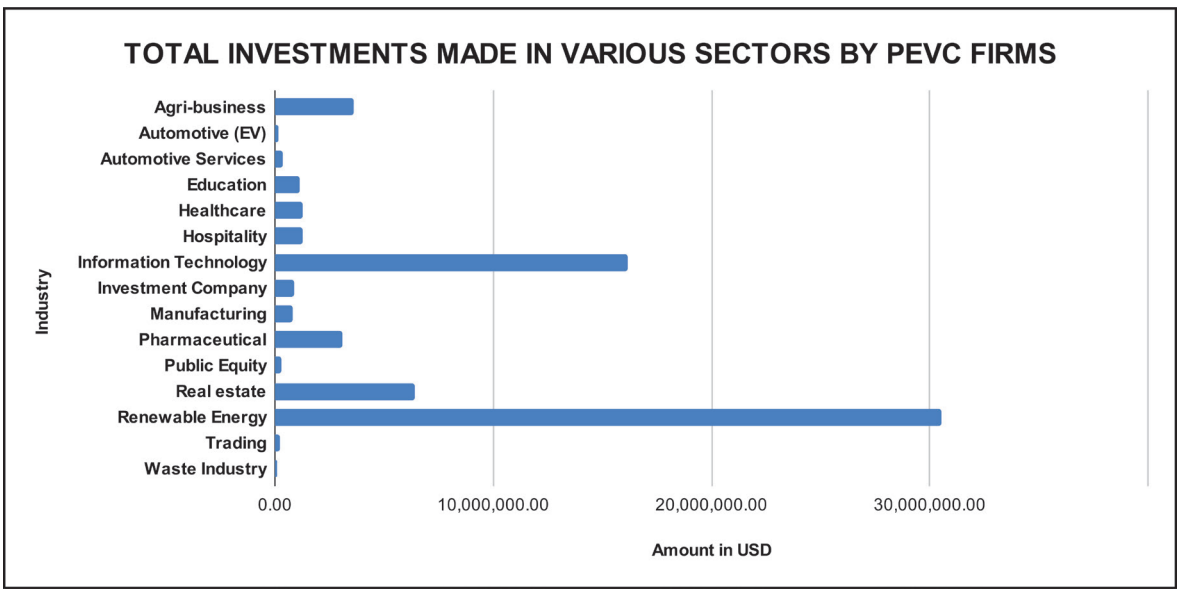


Figure 7

The graphs provided below illustrate industry industry-specific breakdown of the largest amount of investment made by one PEVC firm in one company(in US Dollar amounts). Renewable energy stands out as the sector with the highest single investment amount in dollars followed by the information technology sector.

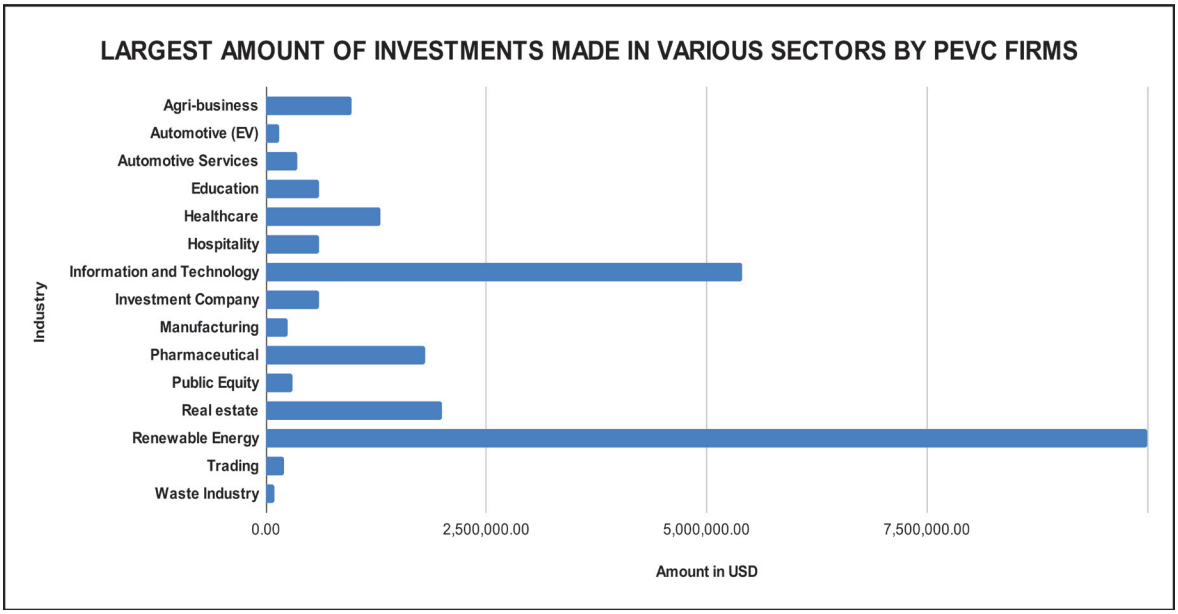


Figure 8

The graphs provided below illustrate the industry-specific simple average of the investments made by the PEVC firms across different industries (in US Dollar amounts). Renewable energy stands out as the sector with the highest average investment amount. The average amount invested in healthcare, Information Technology, pharmaceuticals, and real estate follows closely behind, indicating a fairly high ticket size in such industries.

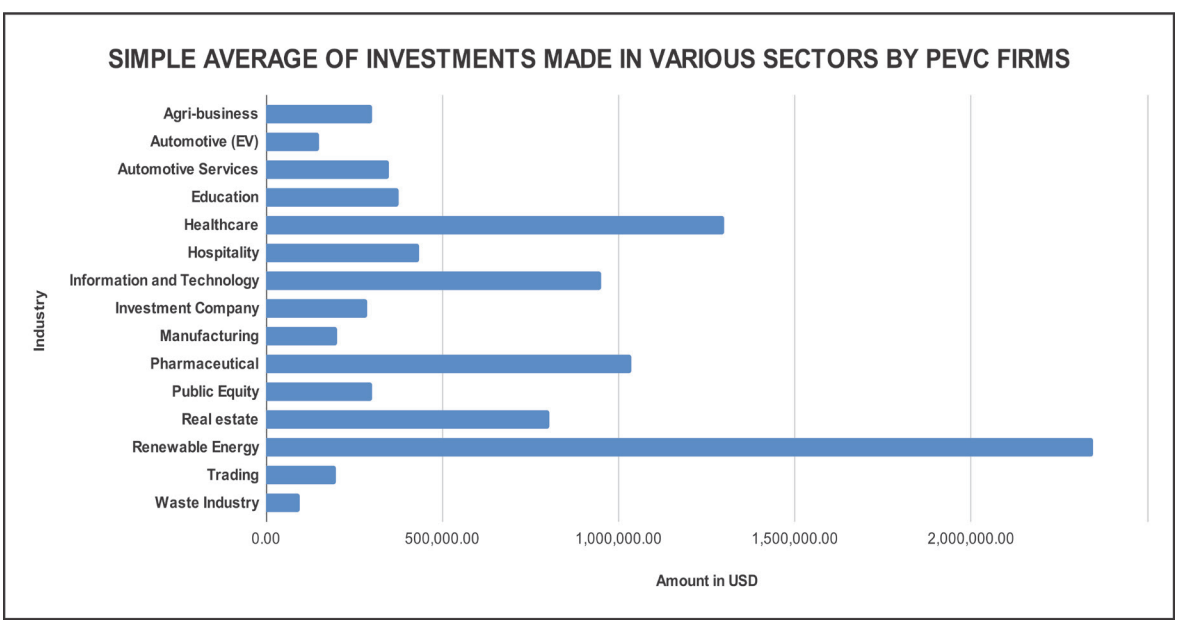


Figure 9

Figure 10 offers a comprehensive breakdown of the industries in which investments were made by the three fund types. It's important to emphasize that the Specialized Investment Fund (SIF) category did not participate in any investments from 2012 to 2022 and is, therefore, not reflected in these graphs,

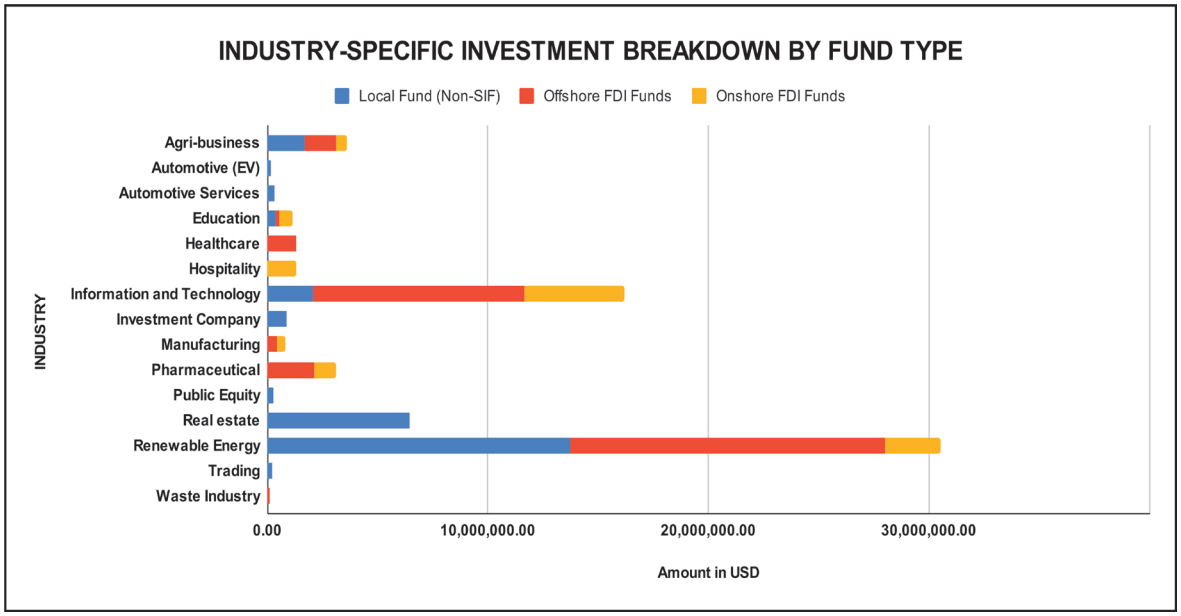


Figure 10

EXIT STRATEGIES FOR INVESTMENTS

Figure 12 clearly depicts that a notable portion of PEVC investments do not have a clearly defined exit strategy, as indicated by the arrow pointing to 'Not Decided.' The figure effectively showcases the proportions of investments that do have some form of established exit strategy when entering a deal.

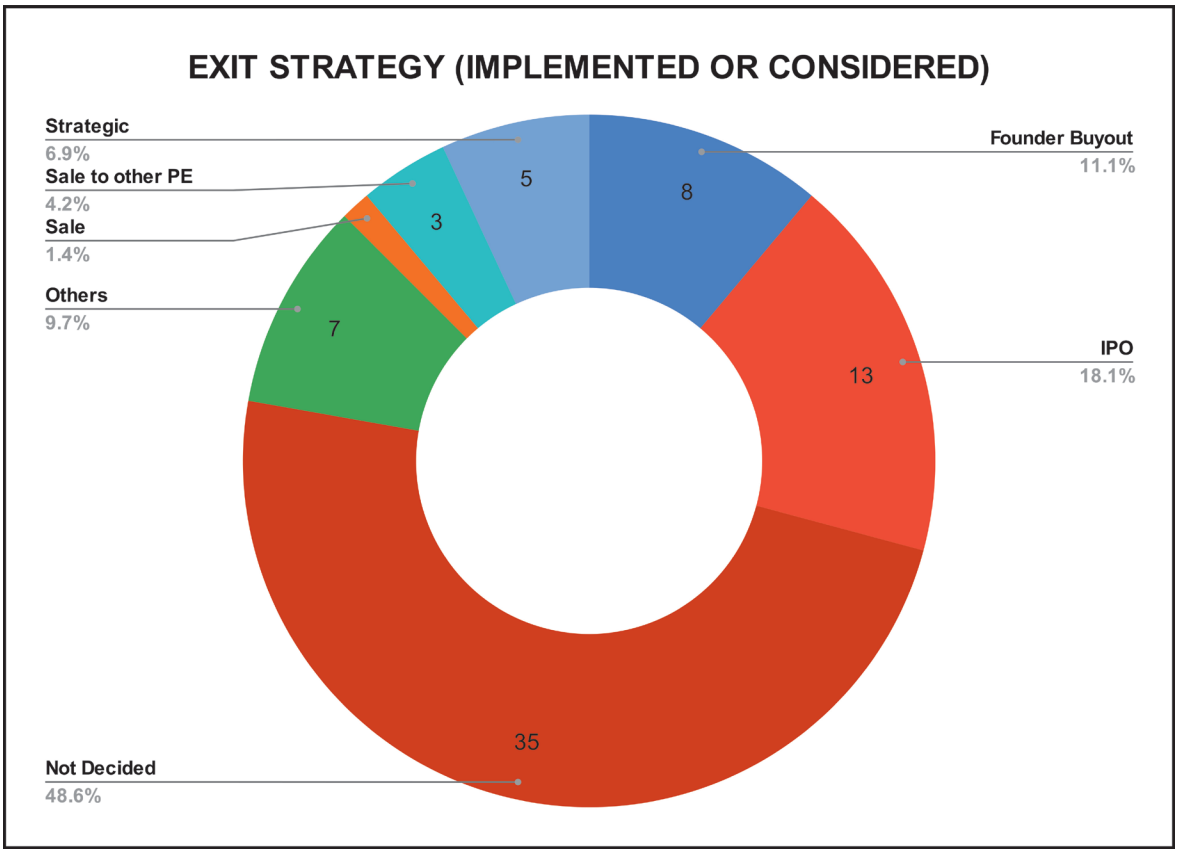


Figure 11

The industry began to observe investment exits starting in 2019. Among the eight funds for which NPEA gathered data, a combined total of 17 exits have occurred, encompassing both partial and complete exits. Figure 13 offers a breakdown of the executed exits:

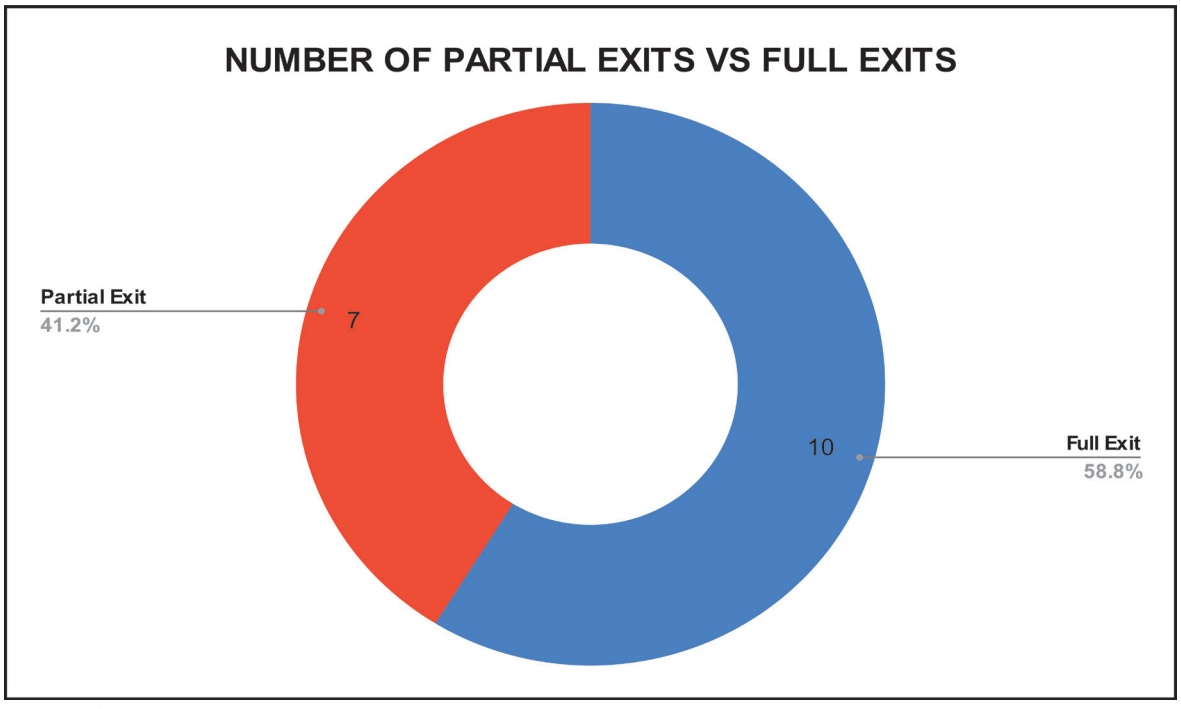


Figure 12

The numerical breakdown of exits, encompassing both partial and full exit, is depicted in the graphs featured in Figure 14. Additionally, the graph provides detailed information about the specific exit strategies employed. The Nepal Private Equity Association lacks data regarding the monetary value of these exits.

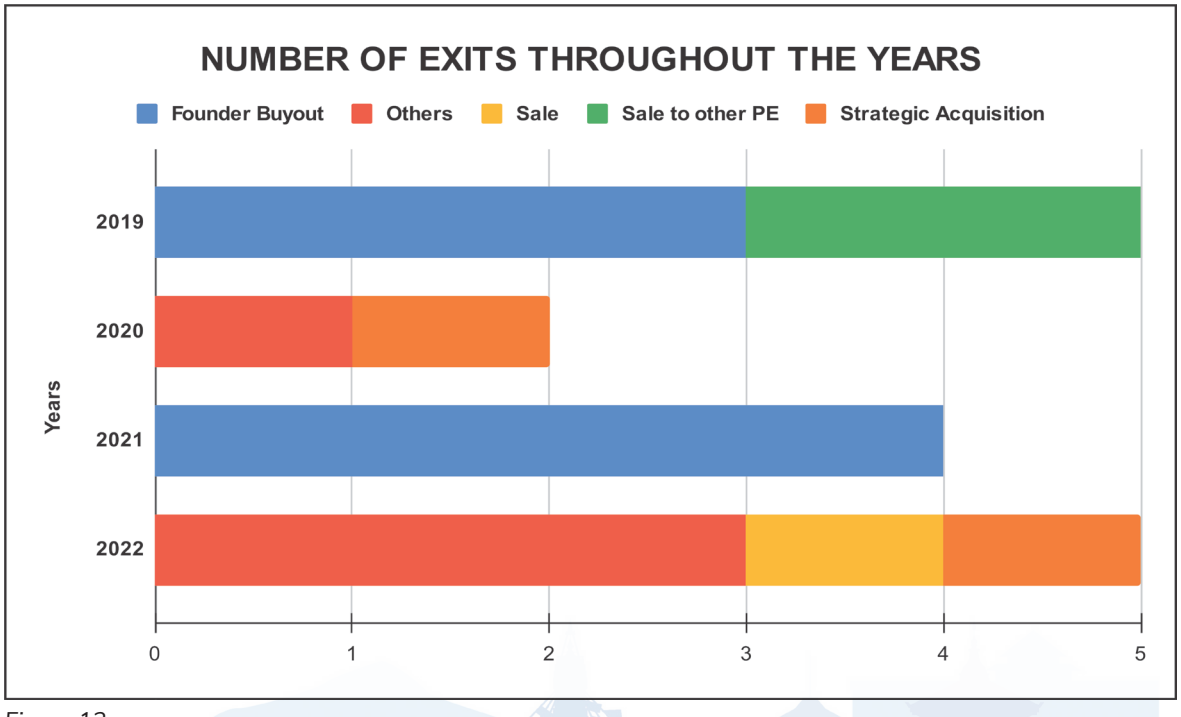


Figure 13

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