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ET EXCLUSIVE

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# India Most Successful IPO Market in the World for '24

Clavel says SoftBank mandate flexible now, writing smaller cheques

Samidha Sharma

**Mumbai:** SoftBank Investment Advisers chief executive Alex Clavel rates India among its top performing markets, on the back of a spree of public listings by its portfolio firms. "India is the world's most successful IPO market of 2024," he said during an exclusive interaction with ET at SoftBank's office in Mumbai. "Others, including the US, haven't seen as many IPOs, even outside of tech."

Clavel took over his new role at the

Japanese conglomerate a year ago, jointly leading its investing vehicle SoftBank Vision Fund (SVF) with Rajeev Misra. While Clavel spearheads SVF-II, Misra who stepped away from day-to-day operations in 2022 and later launched One Investment Management, oversees legacy investments from SVF-I. Clavel's ascension coincided with a tightening of the ship at the Masayoshi Son-founded group after years of exuberance, amid a broader reset in the technology investing world.

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## 'Plenty of Opportunities in India'

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"In the early days, there was some concern about the thin capital markets here. While we were excited about the opportunities, we questioned whether the IPO market would be large enough to provide liquidity for our exits," said Clavel. "Fortunately, the capital markets in India have developed well, as progressive market regulations have stimulated capital flows and increased domestic liquidity, reducing our dependence on foreign markets like Hong Kong or the US."

SoftBank portfolio firms FirstCry, Ola Electric and Unicommerce have gone public this year, and a \$1.25-billion initial public offering (IPO) by Swiggy is lined up for November.

According to Prime Database, which curates data on the domestic capital markets, 64 companies collectively raised Rs 92,645 crore through IPOs so far in 2024, making it the second-highest fundraising year after 2021.

The buoyant public markets have also meant many companies want to skip raising late-stage capital, which Clavel said was evident in India. "Founders may prefer to go public instead of taking large private investments just before an IPO. This is understandable—when IPO markets are strong, founders might opt

for the public route to avoid the time and dilution of private rounds. But there are still plenty of entrepreneurial opportunities in India that excite us," he said.

By contrast, the US public markets have been relatively stagnant for the past three years, he said. "There was a prevailing hope in the market that Arm's IPO over a year ago would open the floodgates, but that hasn't happened," said the SoftBank executive.

The UK-based Arm Holdings, a chip design company where SoftBank holds a 90% stake, debuted on Nasdaq as the biggest IPO of 2023, raising \$4.87 billion.

"The US market has been affected by election-related jitters, heightened interest rates and geopolitical uncertainties... After the excitement of 2021, there's often a cooling-off period, and that's what we're seeing now," said Clavel.

He pointed out, "We have been the largest foreign investor in the Indian digital economy for the last decade, and have invested \$11 billion across Vision Fund-I and II. If you include SoftBank's partnership capital, the total rises to \$14 billion," he said.

In all, SoftBank has snagged cash returns of \$7.5 billion from Flipkart's sale to Walmart in 2018, and public market sales in Paytm, Policybazaar

and Grofers (now Blinkit), where the investor made a complete exit.

However, Clavel said these exits in India were not due to any pressure to bring in liquidity, considering the stress on the Vision Fund, which had been clocking huge losses due to failed bets on high-flying startups such as WeWork. "There's no pressure from SoftBank to push companies to go public in India... If they are doing well and go public, we determine the best course of action for returns. There's no top-down directive from us as investors," he said.

"We believe we've backed the right founders in the right sectors, and our investments have been successful due to India's stable government and supportive market environment," said the co-CEO.

IPO-bound Swiggy, for instance, has hit \$28 billion in market cap, achieving leadership position in both food delivery and quick commerce through Blinkit. "Food delivery and quick commerce are huge markets... Harsha (Swiggy founder Sriharsha Majety) and Swiggy approach the businesses with an innovator and builder mindset, and we are optimistic about the company's execution capabilities in the longer term," he said.

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