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IVCA-EY PE/VC Roundup

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Foreword and outlook



Vivek Soni

Partner and National Leader
Private Equity Services, EY India

3Q2023 recorded US\$13.6 billion in PE/VC investments, 60% higher than the investments in 3Q2022 but 5% lower than 2Q2023. The number of deals in 3Q2023 was lower by 18 % y-0-y.

A pickup in pure-pay PE/VC investments of ~88% bolstered the growth in total PE/VC investments in 3Q2023, which recorded 31 large deals aggregating US\$10.7 billion compared to 15 large deals worth US\$4.8 billion in 3Q2022.

Growth investments were the highest in 3Q2023 at US\$4.5 billion followed by buyouts at US\$3.5 billion. From a sector point of view, infrastructure was the top sector in 3Q2023 recording US\$3.9 billion on the back of investments in the renewable energy sector.

PE/VC exits were at US\$8.6 billion across 85 deals in 3Q2023, the highest in seven quarters. Open market exits accounted for 44% of all exits by value.

In 2023, investments in the life sciences sector are at an all-time high, driven largely by an increasing number of buyouts in the healthcare sector. Strong returns generated by PE funds in recent exits are adding to the attractiveness of the sector for PE/VC funds that are already investing heavily due to the underlying secular tailwinds.

The Indian macro, while showing strong signals in terms of new highs in IIP, GST collections, advance tax collections and heightened consumer confidence as we get into the festive season, is increasingly being counter-weighted by a deteriorating global macro, driven largely by recessionary fears in US and Europe. Geopolitically, the world is suddenly a lot more unstable because of the Middle-East situation that threatens to expand, throwing energy markets into a tizzy. Any sustained spike in crude oil prices will have a detrimental impact on inflation around the world in general and the Indian economy in particular. All these downside risks need to be evaluated as the Indian PE/VC sector continues its fragile recovery. Start-up sector continues to struggle, with year-to-date investments in startups at a seven-year low. While there is a funding winter for primary investments in startups, it is not indicative of inactivity on the part of PE/VC funds, as secondary deals are at an all-time high of US\$5.2 billion. Likewise, PIPE investments in 2023 are at an all-time high of US\$7.5 billion. The buoyant equity markets have allowed a revival in the PE-backed IPO market which is adding to the improving investment sentiment. Looking at the strong deal pipeline, notwithstanding the increasingly uncertain global macro, we remain hopeful that Indian PE/VC investments in 2023 will surpass 2022 levels.



Agenda

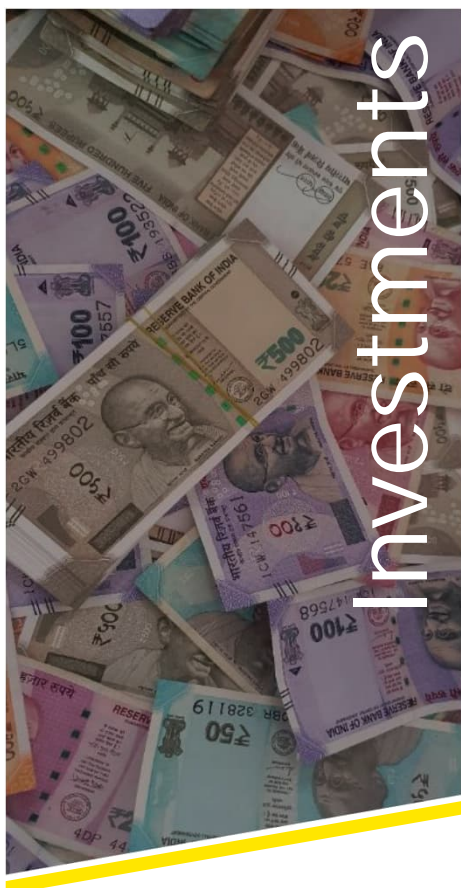
- 1 Quarterly trend analysis: 3Q2023
- 2 Monthly trend analysis: September 2023
- 3 Spotlight: PE/VC investment trend in the life sciences sector

01

Quarterly trend analysis:
3Q2023



Key trends: quarterly



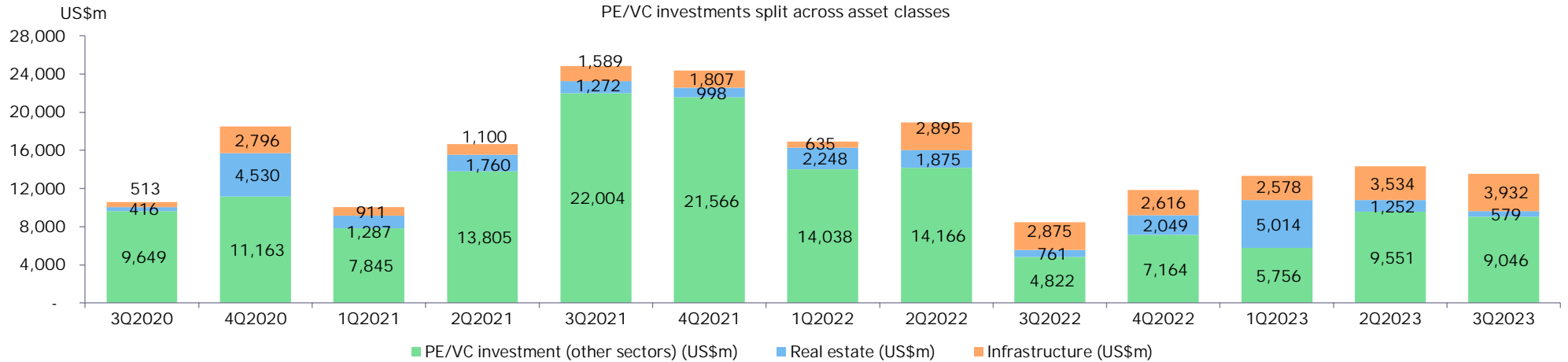
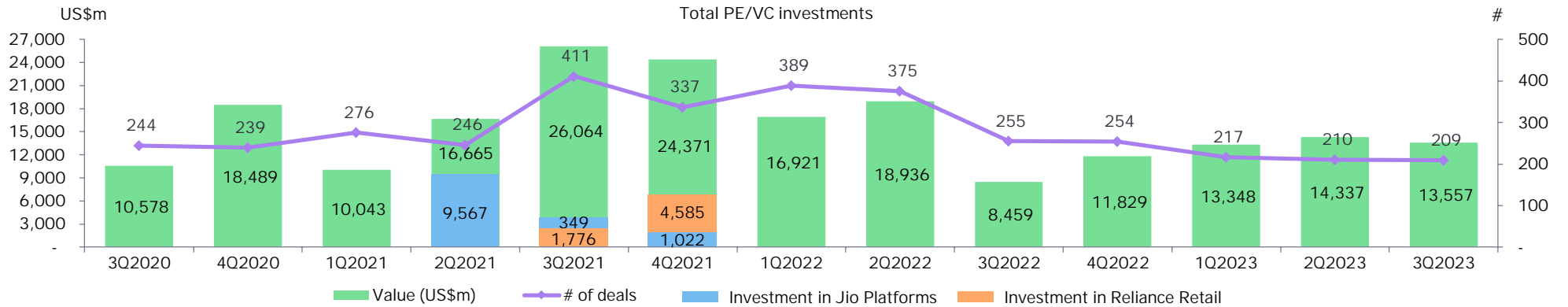
- ▶ PE/VC investments in 3Q23 were 60% higher than 3Q22 and 5% lower than 2Q23 (US\$13.6 billion in 3Q23 vs. US\$8.5 billion in 3Q22 and US\$14.3 billion in 2Q23) on the back of larger deals. In terms of the number of deals, 3Q23 recorded an 18% decline compared to 3Q22 (209 deals in 3Q23 vs. 255 deals in 3Q22).
- ▶ 3Q23 recorded 31 large deals (deals of value greater than US\$100 million) aggregating to US\$10.7 billion compared to 15 large deals aggregating to US\$4.8 billion in 3Q22 and slightly lower than 29 large deals aggregating to US\$11.7 billion in 2Q23. The largest deals in 3Q23 include GIC investing US\$1.5 billion for a 74% stake in Smart Meters JV with Gemstar Infra, GQG Partners investing US\$1.1 billion for an 8.1% stake in Adani Power, and QIA investing US\$1 billion for less than 1% stake in Reliance Retail Ventures.
- ▶ Pure play PE/VC investments (i.e., excluding investments in real estate and infrastructure) recorded US\$9 billion, 88% higher than the value recorded in 3Q22 (US\$4.8 billion), and a 5% decline compared to 2Q23 (US\$9.6 billion). Pure play PE/VC investments accounted for 67% of all PE/VC investments in 3Q23.
- ▶ On a y-o-y basis, all deal segments, except startups, recorded growth in PE/VC investments. PE/VC investments in startups in 3Q23 (US\$1.9 billion across 104 deals) were 32% lower than 3Q22 (US\$2.8 billion across 161 deals) and 27% higher than 2Q23 (US\$1.5 billion across 111 deals).
- ▶ Growth investments were the highest in 3Q23 (US\$ 4.5 billion across 38 deals) and recorded a growth of 276% compared to 3Q22 (US\$1.2 billion across 37 deals). Buyouts were the second highest in 3Q23 (US\$3.5 billion across 17 deals), recording a growth of 54% compared to 3Q22 (US\$2.3 billion across 13 deals) and 11% over 2Q23 (US\$3.2 billion across 13 deals). Followed by private investment in public equity (PIPE) at US\$2.9 billion across 37 deals, an 84% growth y-o-y (US\$1.6 billion across 13 deals in 3Q22). Credit investments had the lowest share in 3Q23 (US\$808 million across 13 deals) which were 23% higher than 3Q22 (US\$654 million across 31 deals) and 16% lower than 2Q23 (US\$ 958 million across 17 deals).

Key trends: quarterly



- ▶ The infrastructure sector received the maximum PE/VC investments in 3Q23 (US\$3.9 billion across 14 deals) and it grew by 37% over 3Q22 (US\$2.9 billion across 20 deals). Industrial Products was the second largest in 3Q23 (US\$1.8 billion across 12 deals) mainly due to a single large US\$1.5 billion investment by GIC in a Smart Meters JV with Gemstar Infra. Although not low in comparison to others, financial services, a traditionally favourite sector for PE/VC investors declined by 40% in 3Q23 (US\$1.2 billion over 41 deals) when compared to 3Q22 (US\$2.1 billion across 52 deals) due to fewer and smaller fintech deals which are generally favoured by PE/VC investors. Pharmaceuticals (US\$207 million across three deals), logistics and transportation (US\$402 million across six deals), media and entertainment (US\$269 million across eight deals), education (US\$ 296 million across seven deals), and technology (US\$1.1 billion across 31 deals), all grew substantially by 774%, 526%, 514%, 293% and 151% respectively in 3Q23.

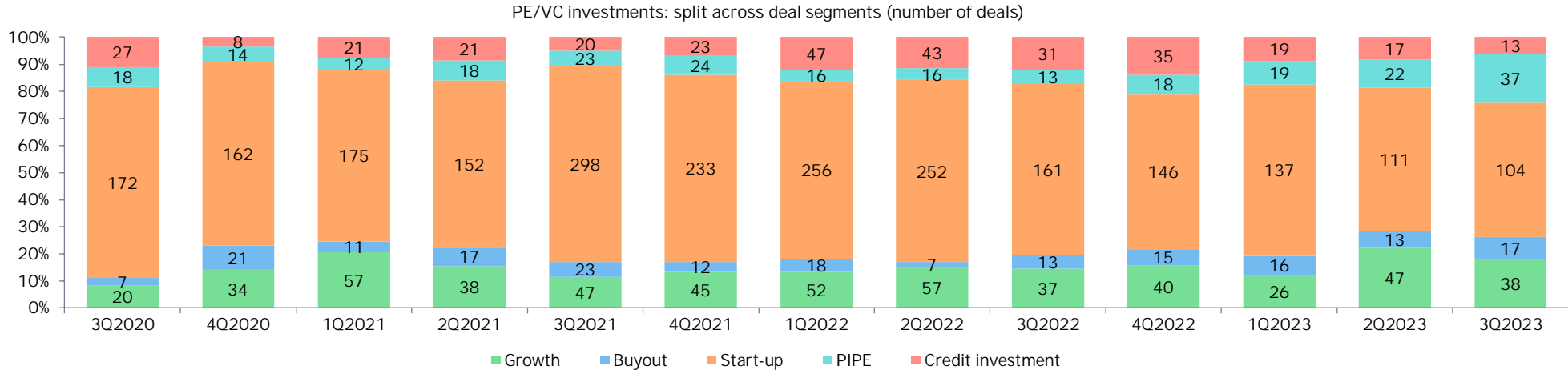
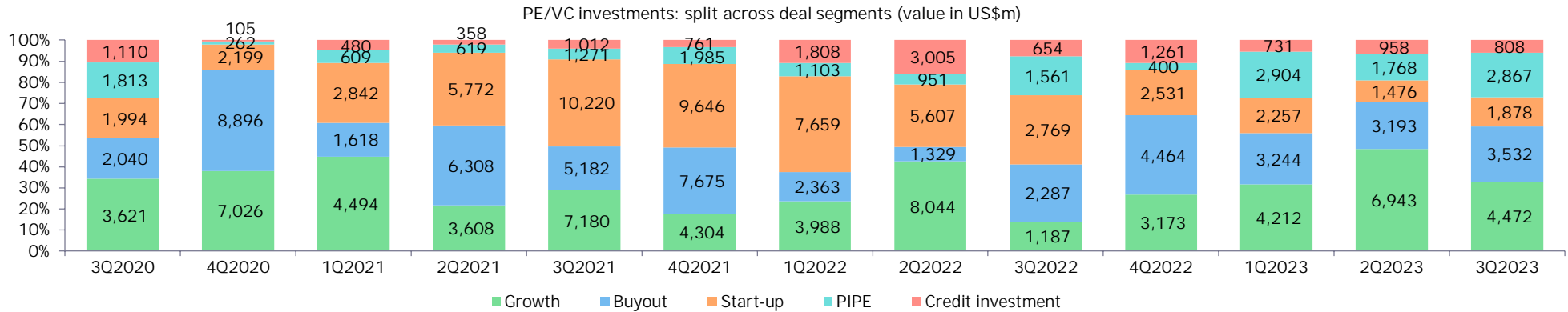
PE/VC quarterly headline trends: investments



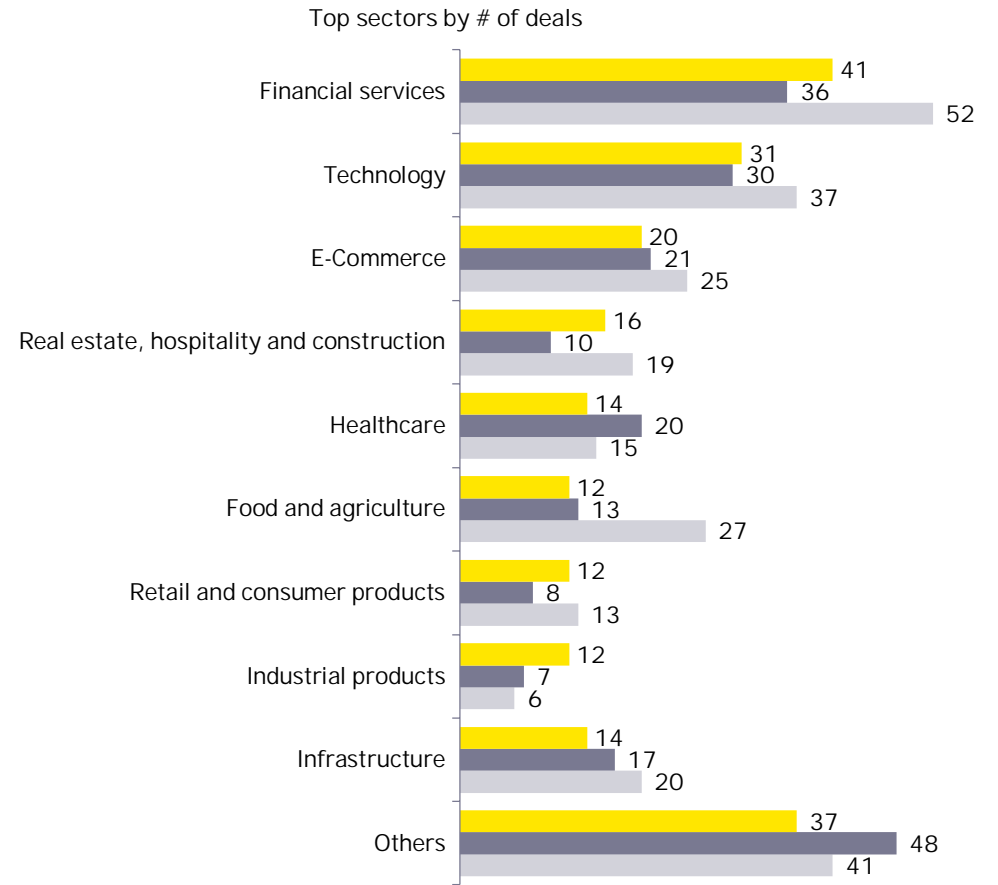
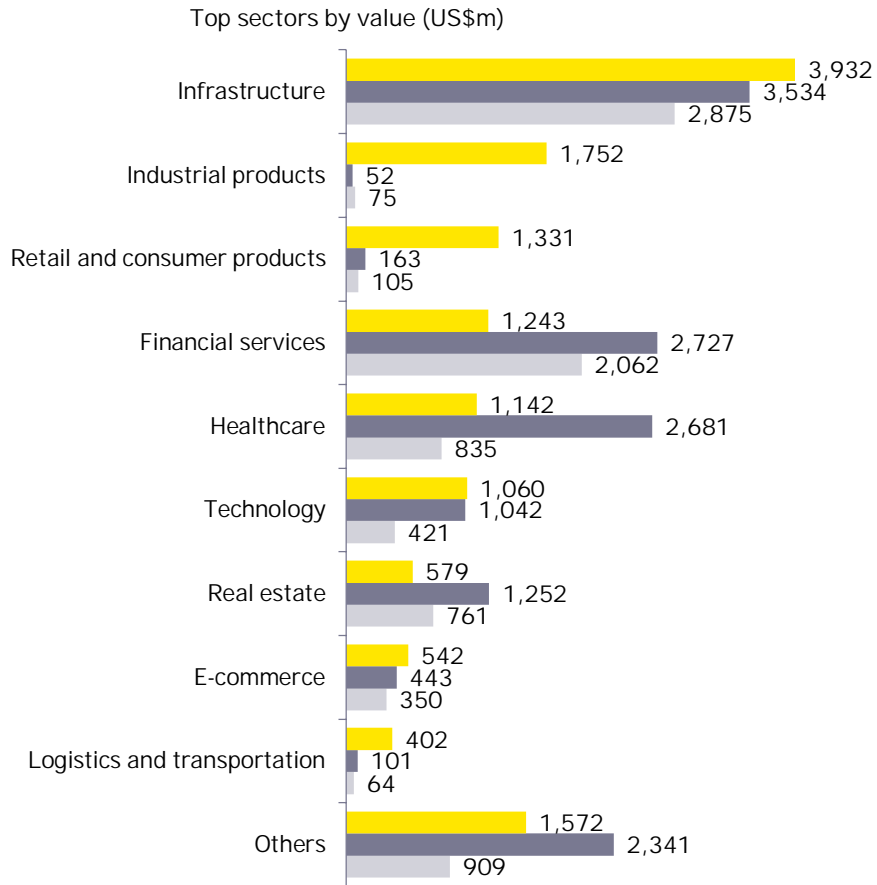
Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure



PE/VC quarterly headline trends: investments



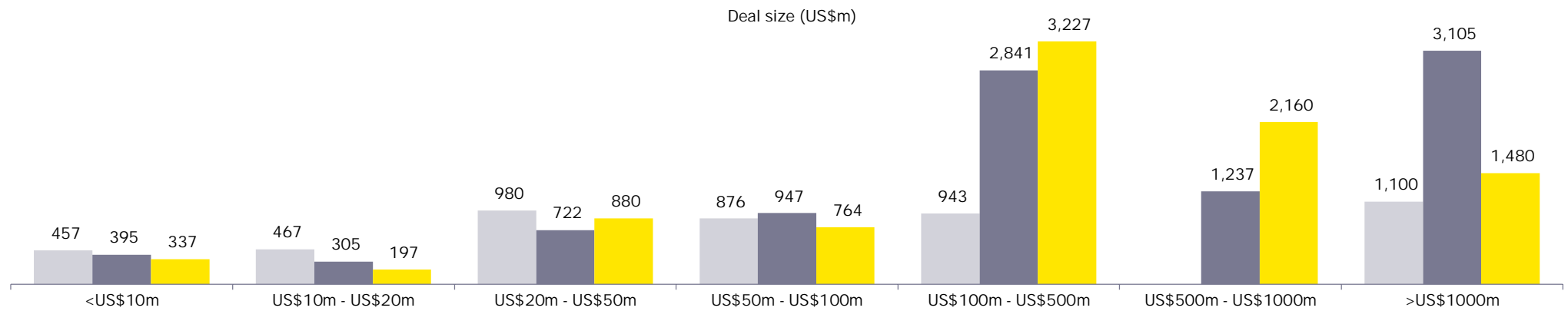
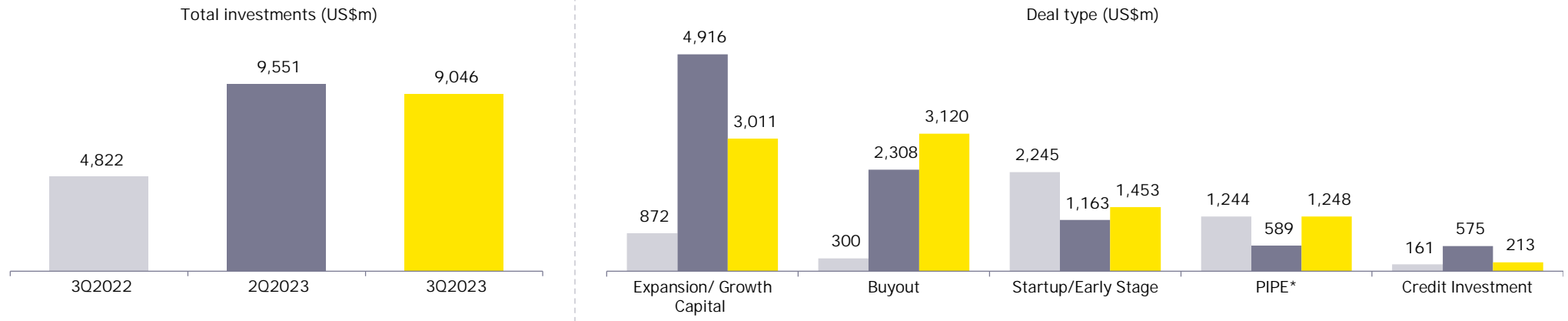
Investments: sector-wise



3Q2022 2Q2023 3Q2023

Investments (excluding *infrastructure and real estate*)

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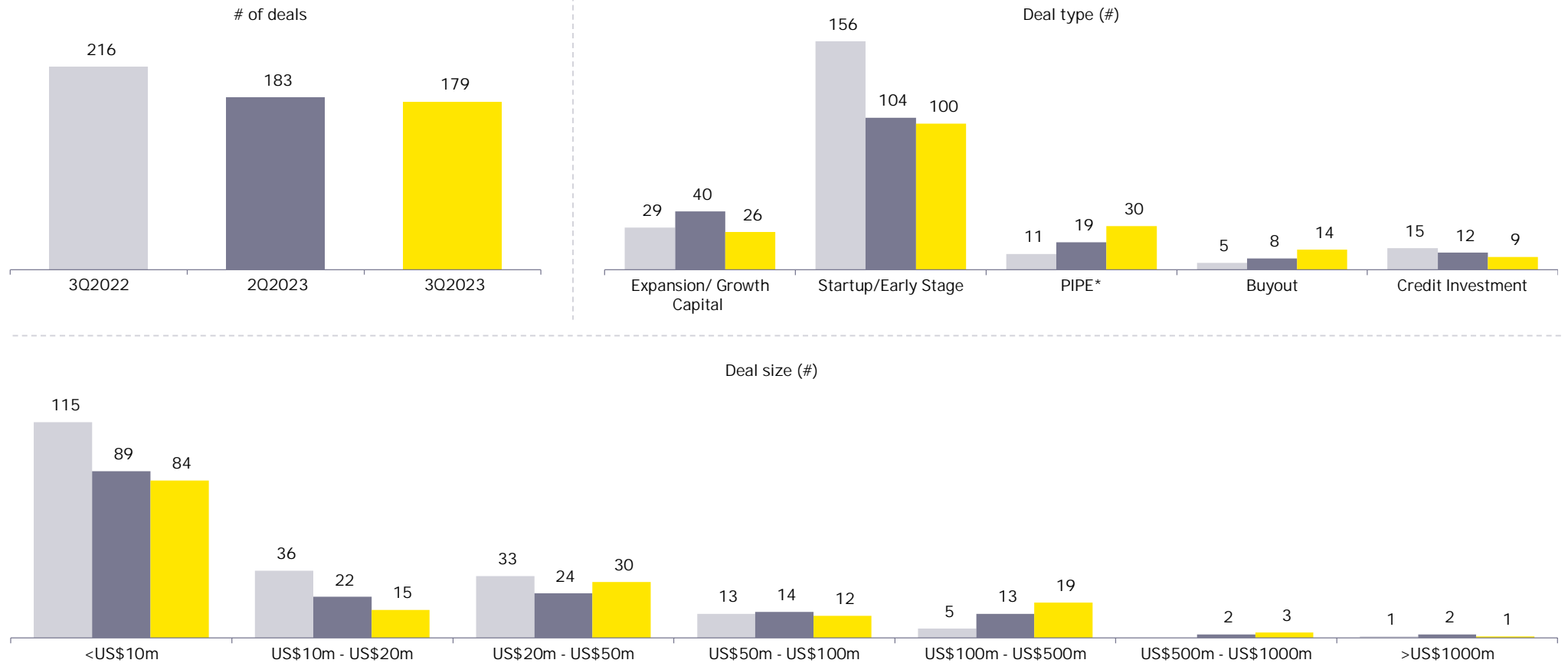
* PIPE: Private investment in public equity

Note: Deal value not available on 13 deals in 3Q2022, 17 deals in 2Q2023 and 15 deals in 3Q2023

3Q2022 2Q2023 3Q2023

Investments (excluding *infrastructure and real estate*)

Page 2 of 2



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Note: Deal value not available on 13 deals in 3Q2022, 17 deals in 2Q2023 and 15 deals in 3Q2023

3Q2022 2Q2023 3Q2023

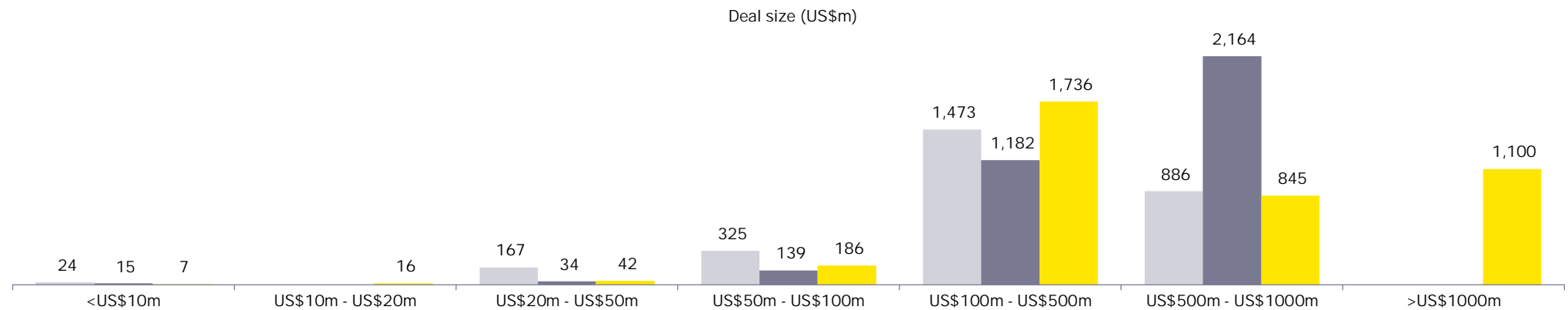
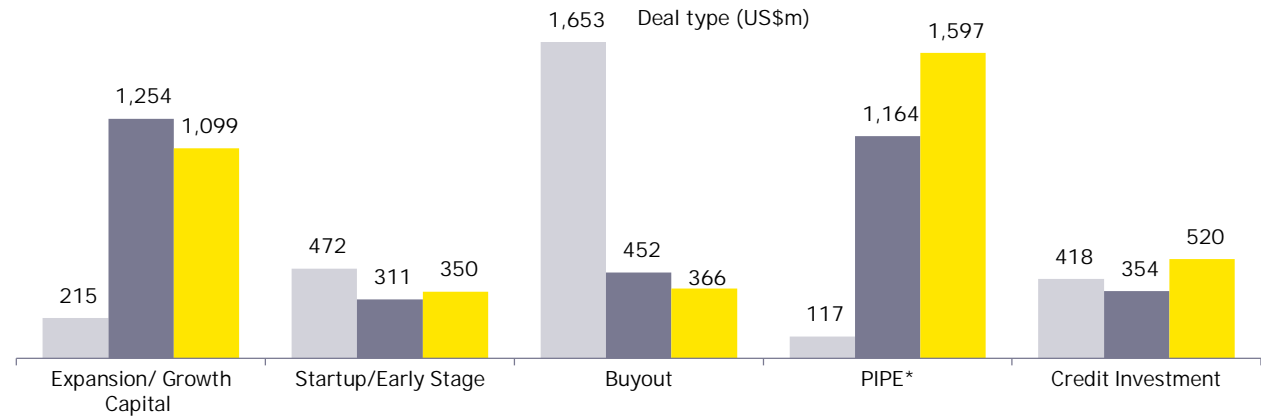
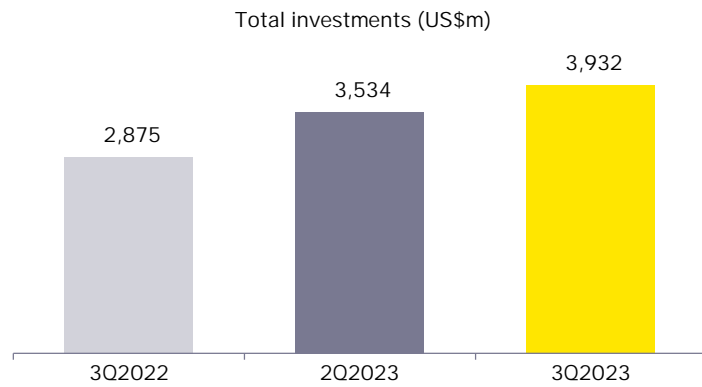
Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in 3Q2023

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Gemstar Infra Pte Limited	GIC	Industrial products	Buyout	1,480	74
Reliance Retail Ventures Limited	Qatar Investment Authority	Retail and consumer products	Growth capital	1,000	1
Indira IVF Hospital Private Limited (Indira IVF Group, Indira IVF Fertility Clinic and Hospital)	BPEA EQT	Healthcare	Buyout	660	60
QuEST Global Services Pte. Limited	Carlyle	Technology	Growth capital	500	28
Patanjali Foods Limited (Nutrela, Mahakosh, Sunrich, Ruchi Gold, Ruchi Star, Soyummi)	GQG partners	Food and agriculture	PIPE	289	6
LEAP India Private Limited (MyLEAP, Leap India Private Limited)	KKR	Logistics and transportation	Buyout	275	NA
Reliance Retail Ventures Limited	KKR	Retail and consumer products	Growth capital	249	NA
Perfios Software Solutions Private Limited	Kedaara capital	Technology	Growth capital	229	NA
KiranaKart Technologies Private Limited (Zepto)	Goodwater Capital, Nexus India Capital Advisors, Glade Brook Capital Partners, Lachy Groom, StepStone Group	E-commerce	Startup	200	14
Ind Swift Laboratories Limited (API and CRAMS Business)	India Resurgence Fund	Pharmaceuticals	Buyout	199	100

Investments: *infrastructure*

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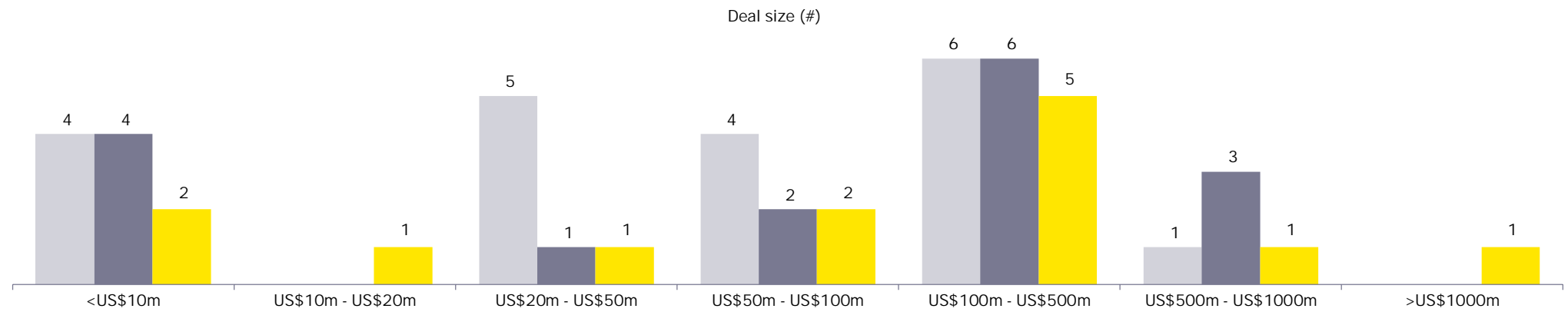
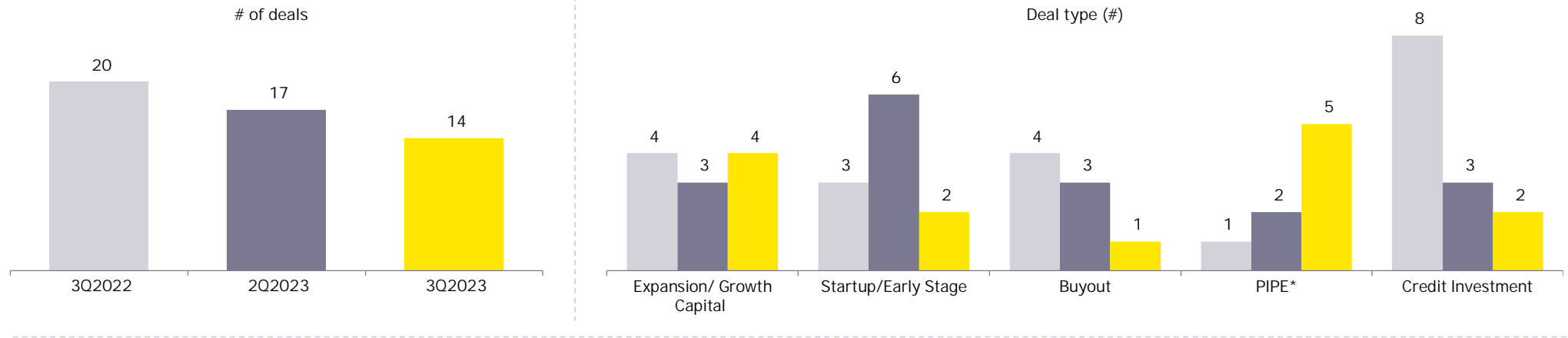
* PIPE: Private investment in public equity

Note: Deal value not available for 1 deal in 2Q2023 and 1 deal in 3Q2023

3Q2022 2Q2023 3Q2023

Investments: *infrastructure*

Page 2 of 2



* PIPE: Private investment in public equity

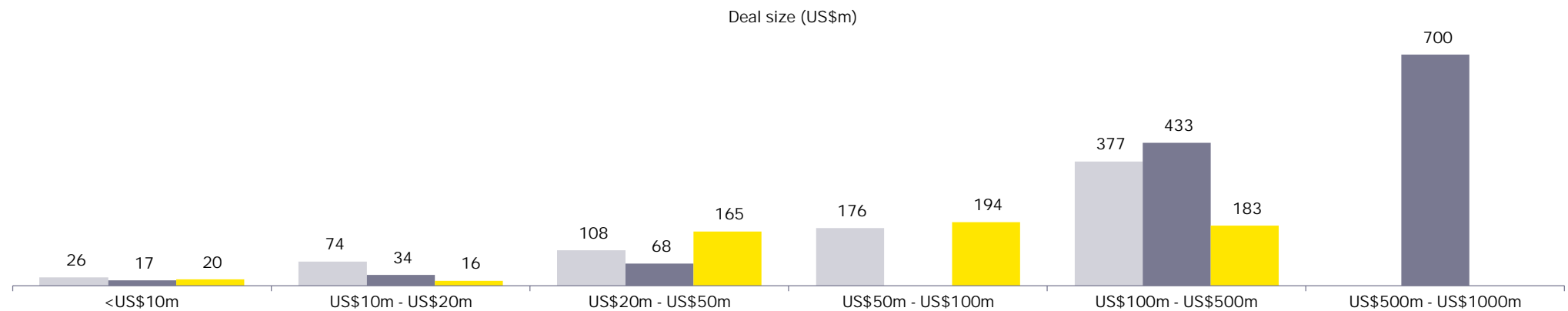
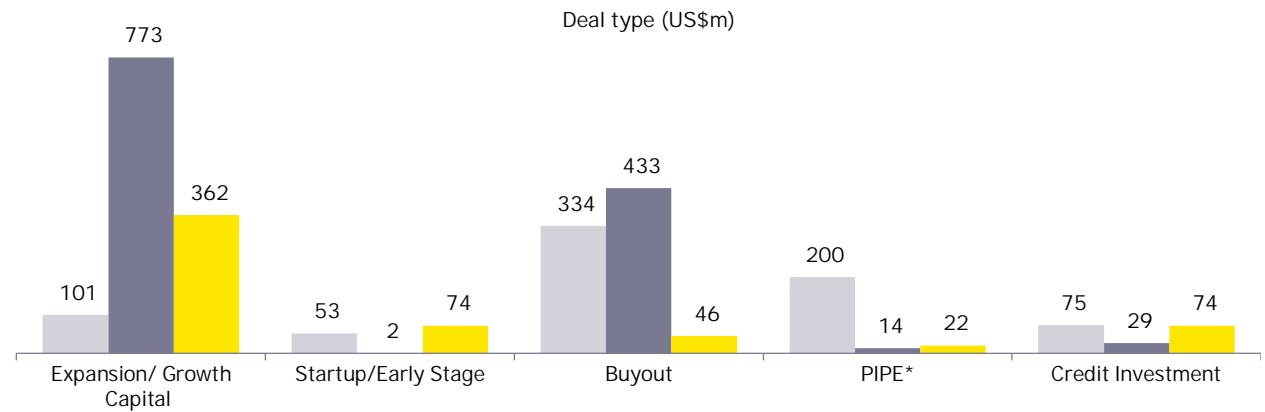
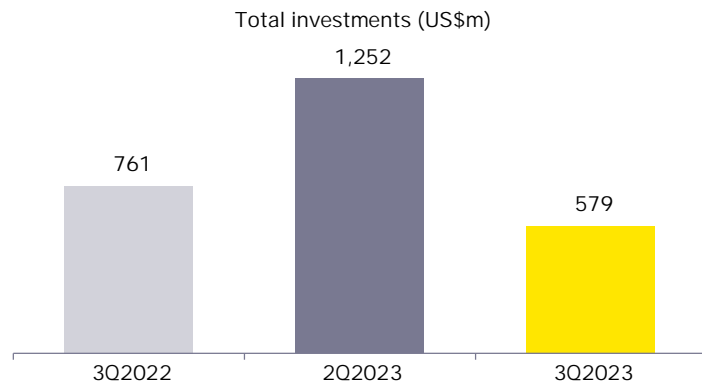
Note: Deal value not available for 1 deal in 2Q2023 and 1 deal in 3Q2023

3Q2022 2Q2023 3Q2023



Investments: *real estate*

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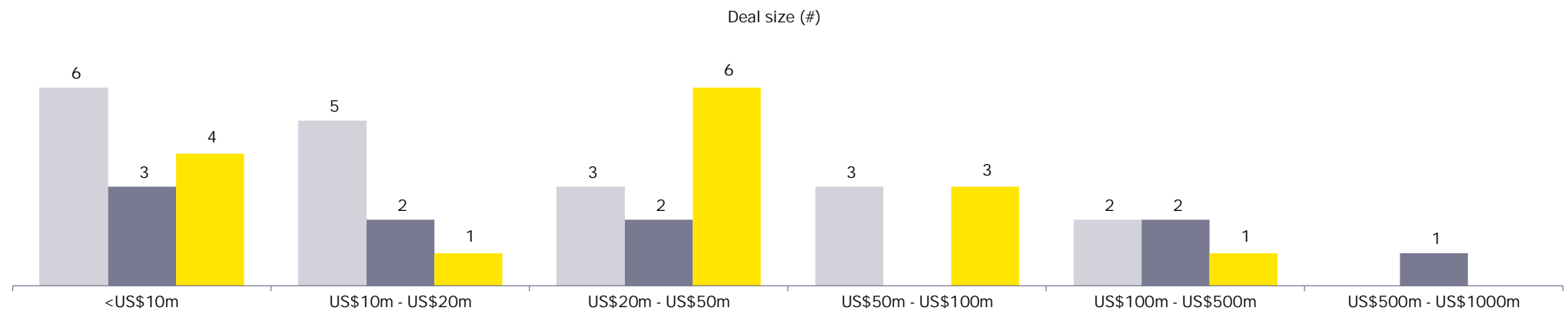
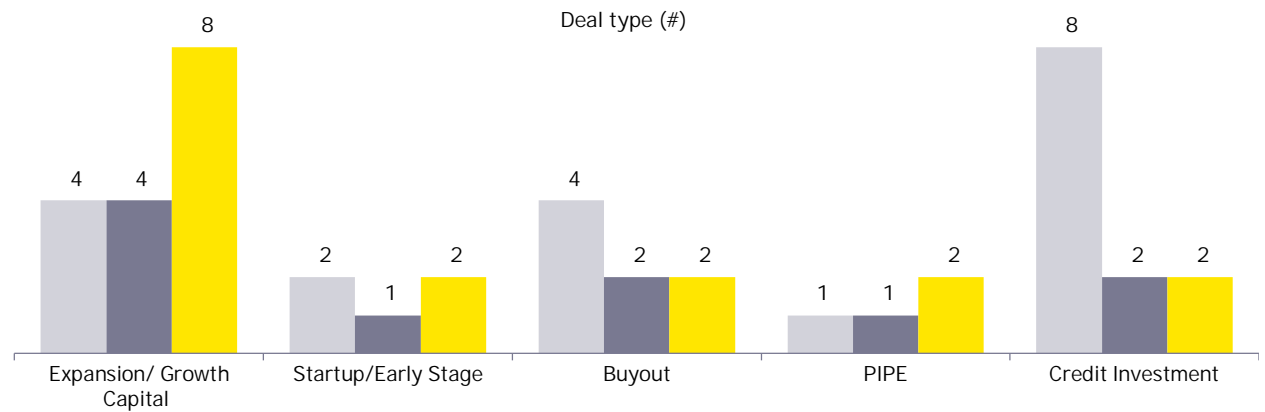
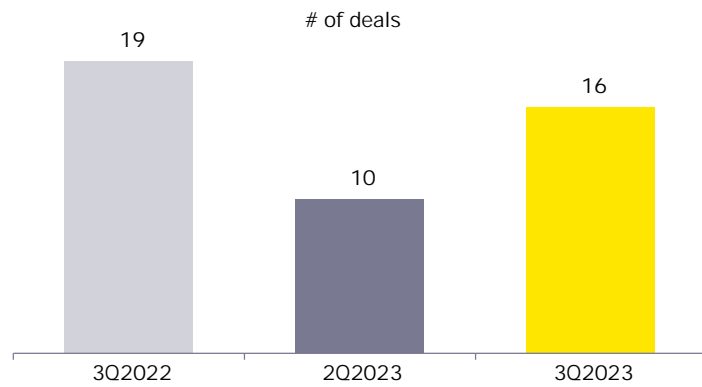
* PIPE: Private investment in public equity

Note: Deal value not available on 1 deal in 3Q2023

3Q2022 2Q2023 3Q2023

Investments: *real estate*

Page 2 of 2



* PIPE: Private investment in public equity
 Note: Deal value not available on 1 deal in 3Q2023

3Q2022 2Q2023 3Q2023

Top PE/VC investments

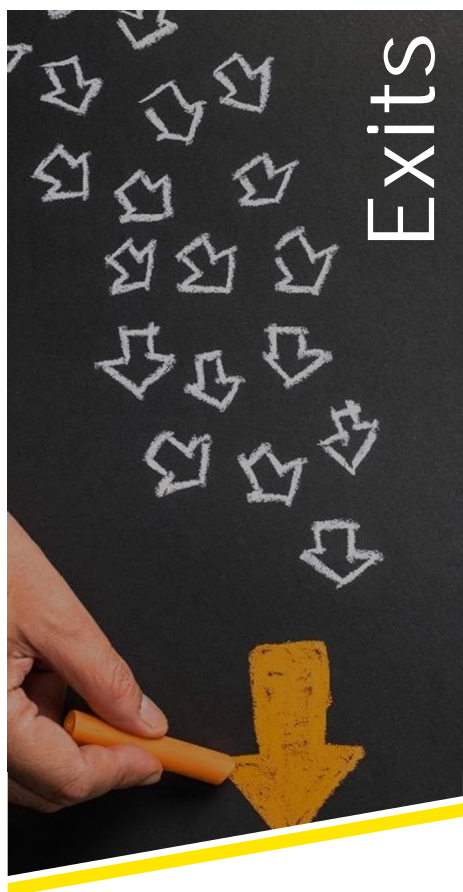
Top infrastructure and real estate investments in 3Q2023

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Adani Power Limited	GQG Partners	Infrastructure	PIPE	1,100	8
Brookfield - Axis Energy Ventures JV2	Brookfield	Infrastructure	Growth capital	845	NA
Adani Green Energy Limited	The Qatar Investment Authority	Infrastructure	PIPE	474	3
TP Solar Limited	U. S. International Development Finance Corporation	Infrastructure	Credit investment	425	NA
Swarna Tollway Private Limited, Gujarat Road and Infrastructure Company Limited	Highways Infrastructure Trust	Infrastructure	Buyout	366	100
Juniper Green Energy Private Limited	AT Capital, Vitol Group	Infrastructure	Startup	350	NA
HDFC Capital Advisors and the House of Abhinandan Lodha JV	HDFC Capital	Real estate	Growth capital	183	50
Waaree Energies Limited	ValueQuest Capital	Infrastructure	Growth capital	121	NA
Brookfield RJ (560 MWp portfolio of solar plants in Bikaner, Rajasthan)	IFC	Infrastructure	Credit investment	95	NA
Patel Infra's 5 road projects	Actis	Infrastructure	Growth capital	91	NA

Real estate includes deals across real estate (residential and commercial), hospitality and construction

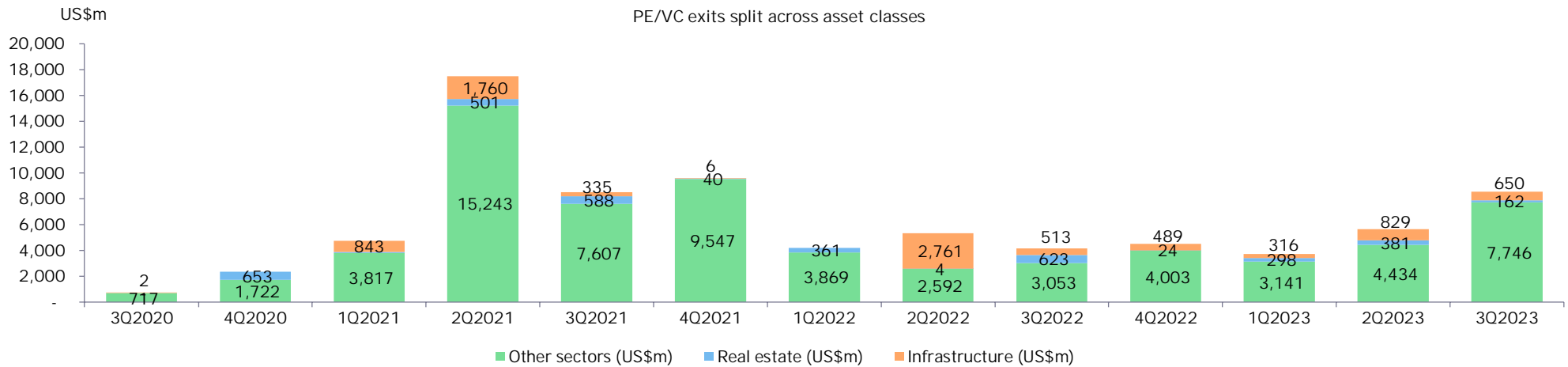
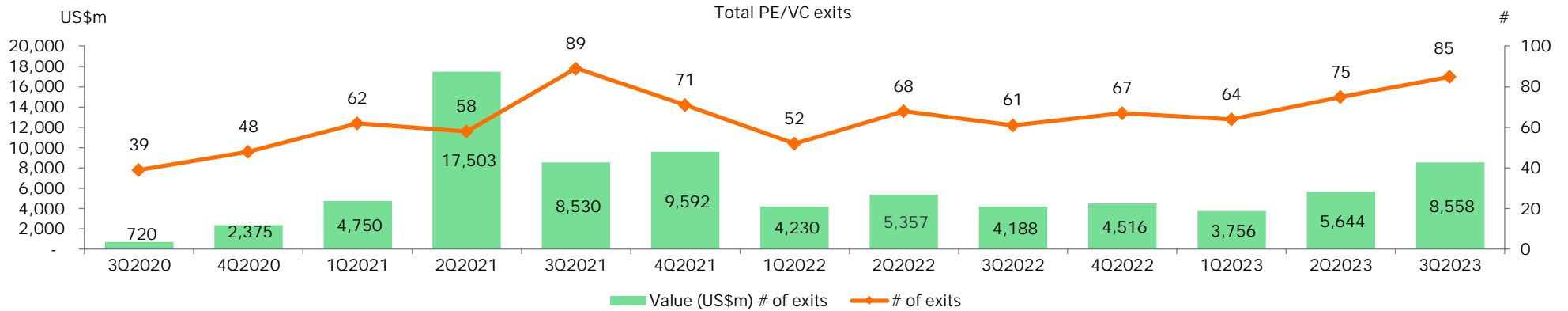
Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

Key trends: quarterly



- ▶ 3Q23 recorded exits worth US\$8.6 billion, 104% higher than the value in 3Q22 (US\$4.2 billion) and 53% higher compared to 2Q23 (US\$5.6 billion). In terms of number of exits, there was a 39% growth, with 3Q23 recording 85 exits vs. 61 exits in 3Q22 and a 16% growth compared to 75 exits in 2Q23. The growth in exits was across all deal segments, with IPOs recording the highest growth y-o-y, followed by secondary and strategic exits.
- ▶ In 3Q23, open market exits were the highest, with US\$3.9 billion recorded across 37 deals with a 69% growth y-o-y (US\$2.3 billion across 27 deals in 3Q22). Secondary exits were the second highest, with US\$2.3 billion recorded across 17 deals, a growth of 143% compared to 3Q22 (US\$ 949 million across nine deals). Strategic exits with 17 deals worth US\$1.6 billion were 120% higher than 3Q22 (US\$739 million across 23 deals). The deal values were unavailable for 13 out of 17 strategic exits. PE-backed IPOs made a comeback in 3Q23 with 13 PE-backed IPOs having US\$787 million in exit proceeds compared to just one in 3Q22 (US\$30 million). This is the second-highest quarterly number of PE-backed IPOs.
- ▶ The largest exits in 3Q23 include Tiger Global and Accel selling a 4% stake in Flipkart for US\$1.4 billion to Walmart and BPEA EQT selling stakes in Coforge Limited for US\$ 925 million.
- ▶ From a sector perspective, the financial services sector recorded the highest value of exits at US\$2.6 billion across 30 deals in 3Q23, followed by the E-commerce sector with exits worth US\$2 billion across 10 deals on the back of the large US\$1.4 billion Tiger Global, Accel-Flipkart deal.

PE/VC quarterly headline trends: exits

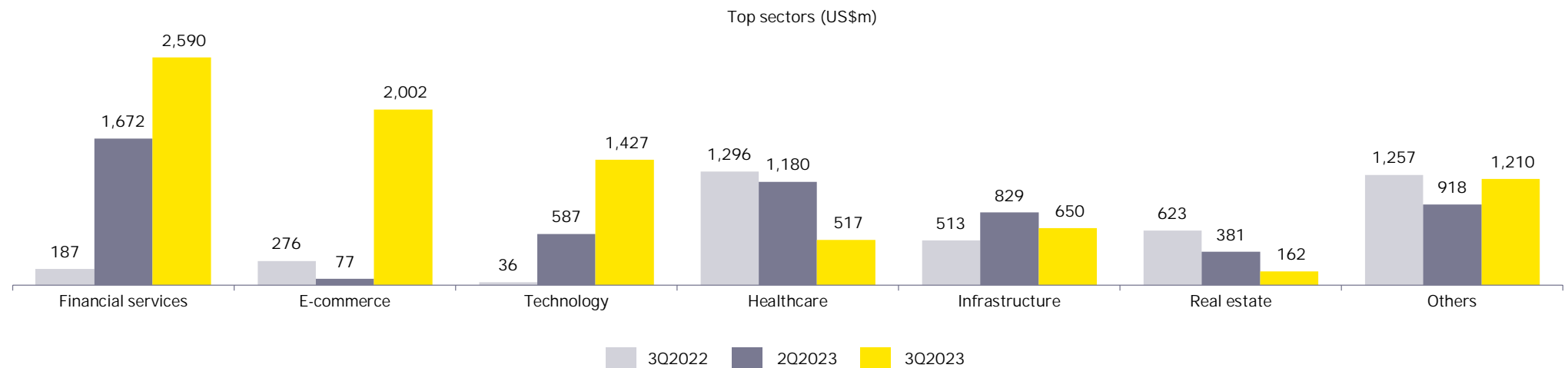
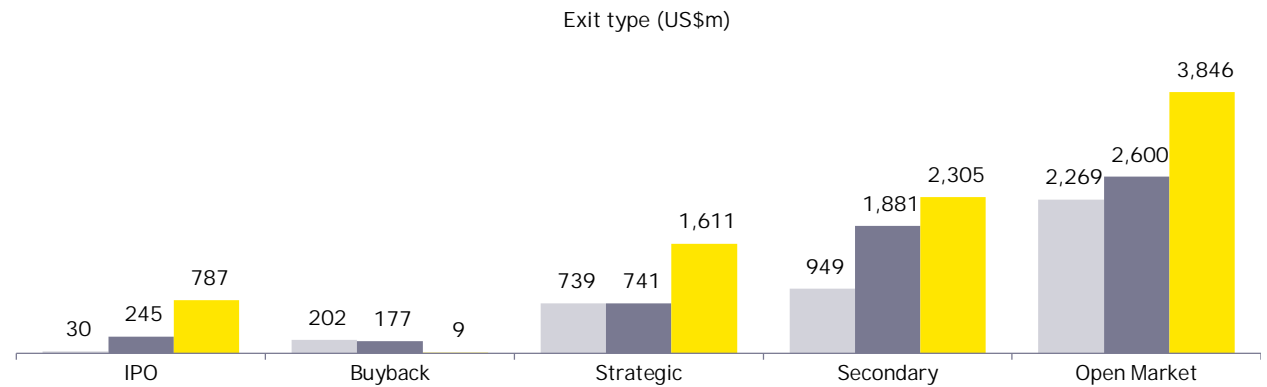
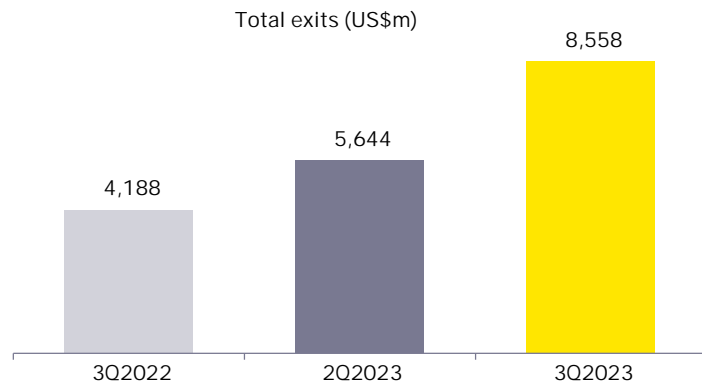


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 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure



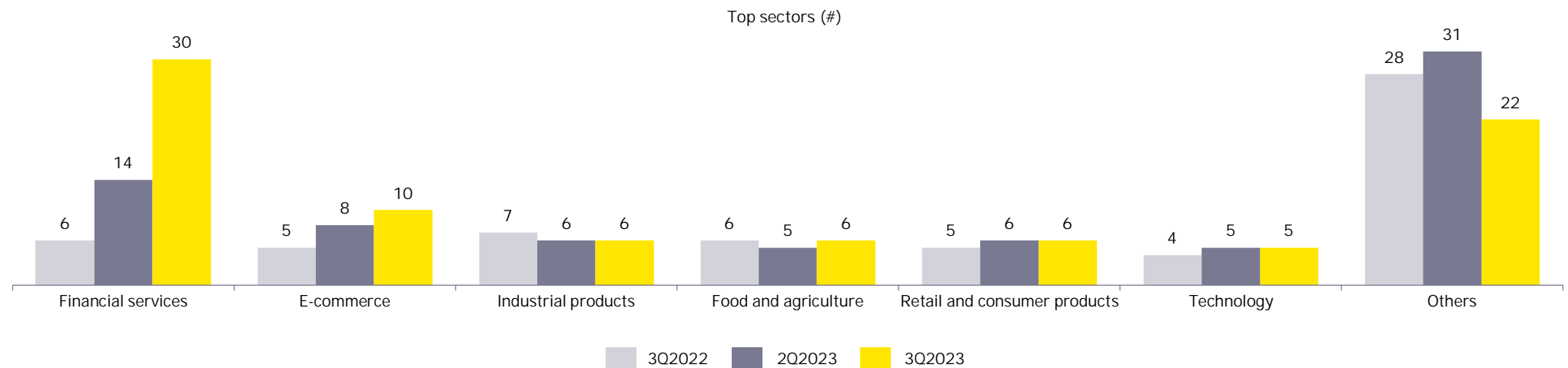
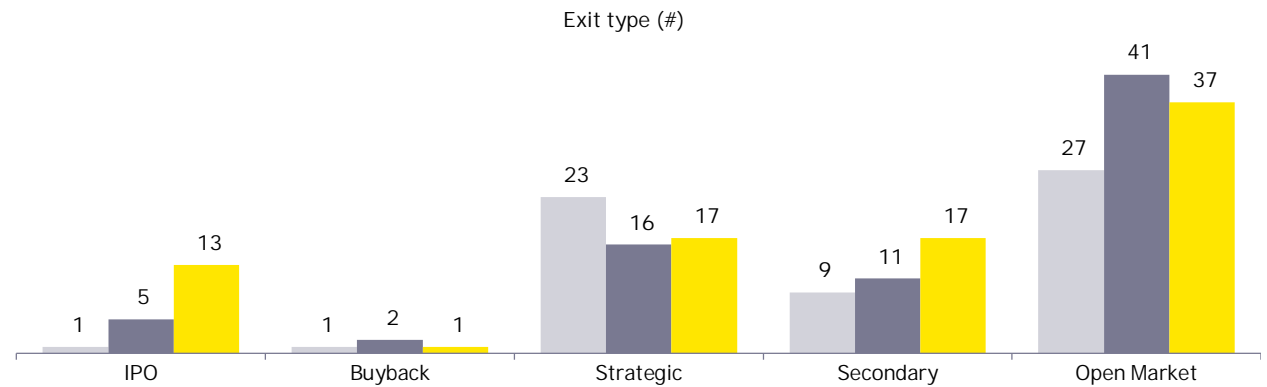
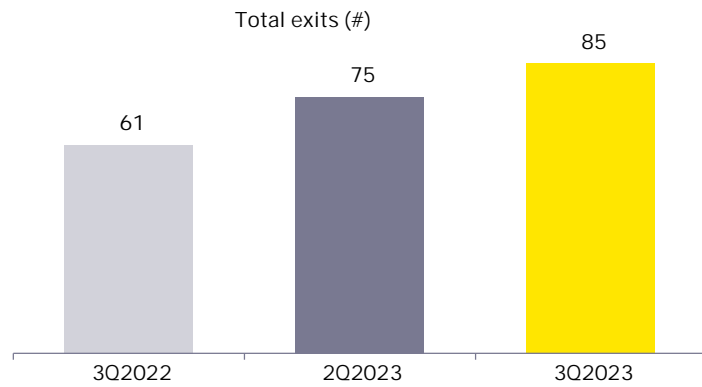
Exits: quarterly analysis

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Exits: quarterly analysis

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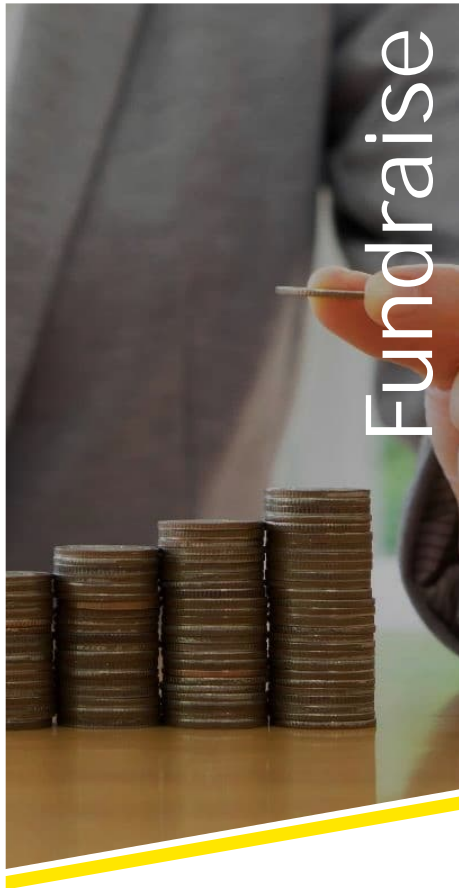


Top exits

Top exits in 3Q2023

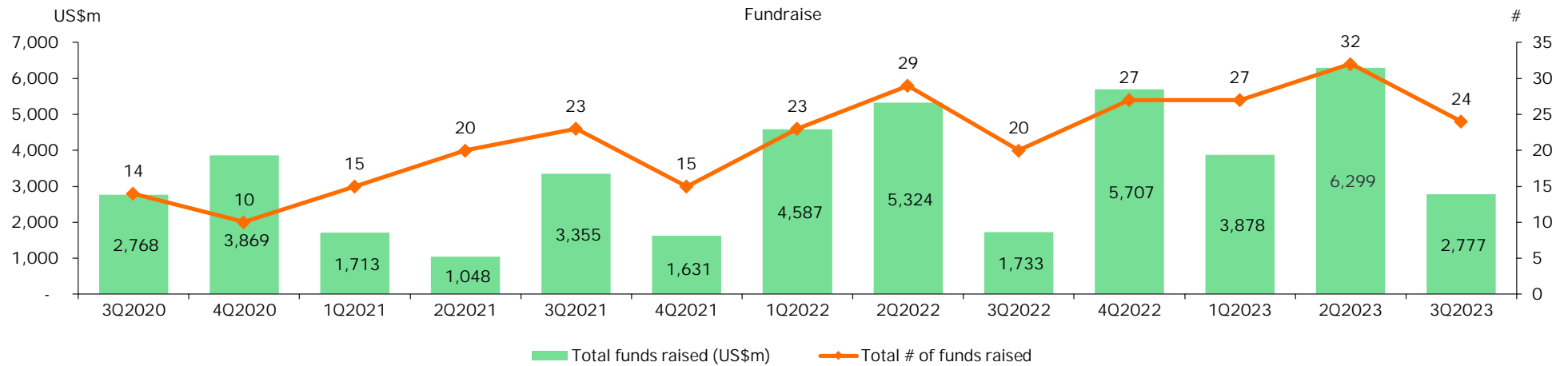
Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Flipkart Private Limited	E-commerce	Tiger Global Management, Accel	Walmart Inc	Strategic	1,400	4
Coforge Limited	Technology	BPEA EQT	NA	Open market	925	27
Kotak Mahindra Bank Limited	Financial services	CPPIB	NA	Open market	742	2
Kotak Mahindra Bank Limited	Financial services	ANTFIN	Vijay Shekhar Sharma	Secondary	628	10
Sona BLW Precision Forgings Limited	Automotive	Blackstone	Monetary Authority of Singapore, Government of Singapore, BNP Paribas Arbitrage, Fidelity Asian Values Plc, Fidelity Investment, Societe Generale, HDFC Mutual Fund, ICICI Prudential	Open market	600	21
Indira IVF Hospital Private Limited	Healthcare	TA Associates	BPEA EQT	Secondary	517	47
QuEST Global Services Pte. Limited	Technology	Bain Capital, Advent, GIC	Carlyle	Secondary	500	28
Virescent Renewable Energy Trust	Infrastructure	KKR	Indigrid	Strategic	488	100
IBS Software Pte Limited	Technology	Blackstone	Apax Partners	Secondary	450	30

Key trends: quarterly



- ▶ Fundraises in 3Q23 recorded a 60% growth with US\$2.8 billion raised across 24 funds compared to US\$1.7 billion raised across 20 funds in 3Q22 and a 56% decline compared to US\$6.3 billion raised across 32 funds in 2Q23.
- ▶ The largest fundraising in 3Q23 saw Growthem Capital Partners raise its debut fund of US\$567 million. This amount fell just short of its initial fund raising target, ranging from US\$600 million to US\$800 million. The fund is intended for investment in various deals across India and Southeast Asia.

PE/VC quarterly headline trends: fundraise



Fundraise

Top fundraise in 3Q2023

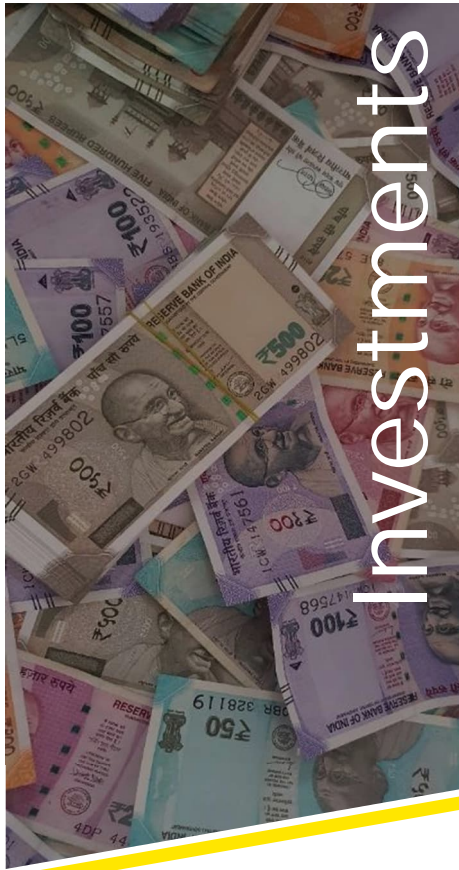
Status	Fund	PE/VC GP	US\$m	Strategy
Raised	Growtheum SEA Fund I	Growtheum Capital Partners	567	Healthcare, financial services, information technology, consumer products and service etc.
Raised	Creagis Fund 1	Creagis	426	Investment in startup
Raised	India Advantage Fund Series V	ICICI Venture	366	Mid-market businesses
Raised	CapitaLand India Growth Fund 2	CapitaLand India	199	Real estate
Raised	IndoSpace Logistics Parks IV	IndoSpace	150	Industrial park

A photograph of a business meeting in progress. Several people in business attire are gathered around a table covered with various data visualization reports, including bar charts and line graphs. One person is pointing at a report on a clipboard, while another uses a calculator. A laptop in the background displays a bar chart. A large, semi-transparent number '02' is overlaid on the left side of the image.

02

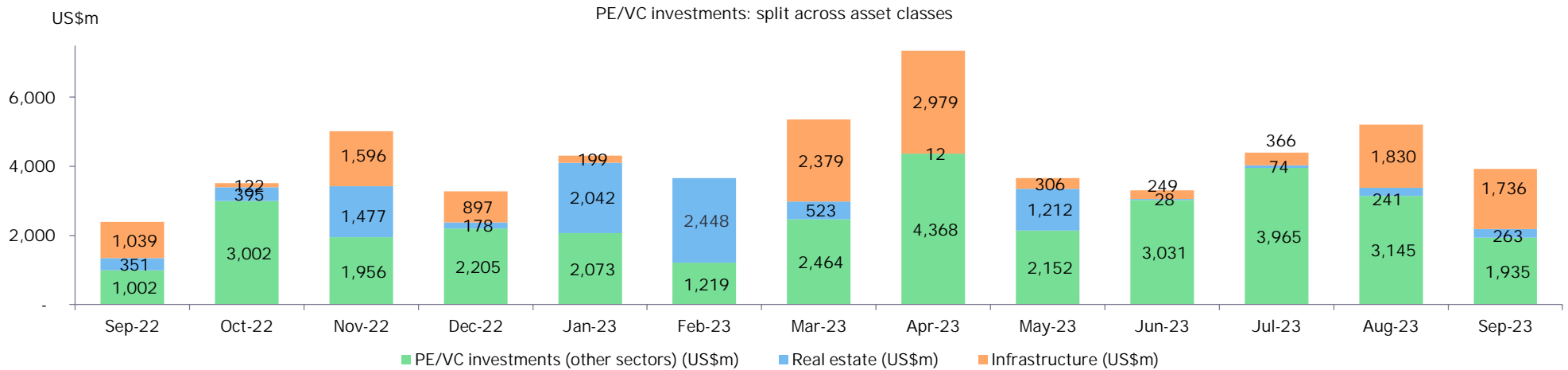
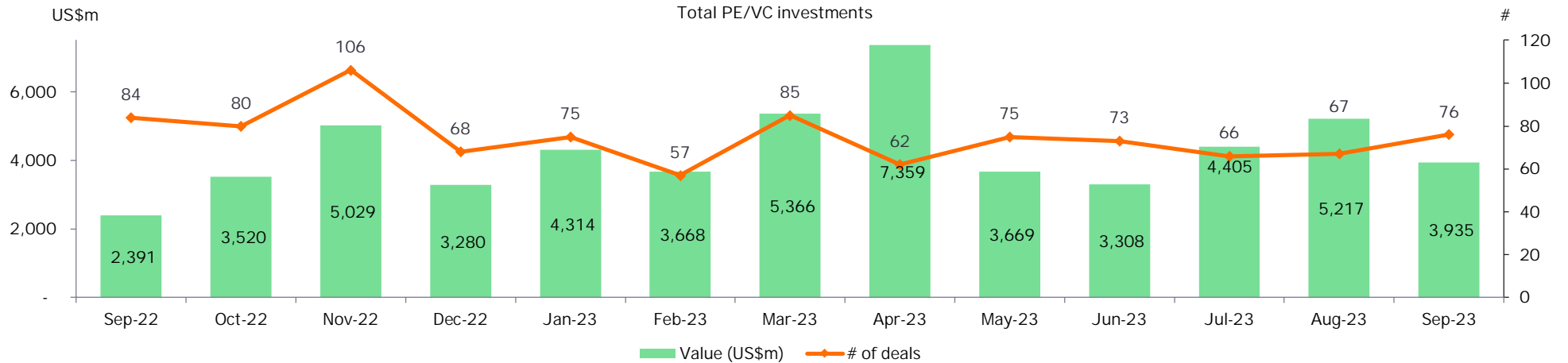
Monthly trend analysis:
September 2023

Key trends



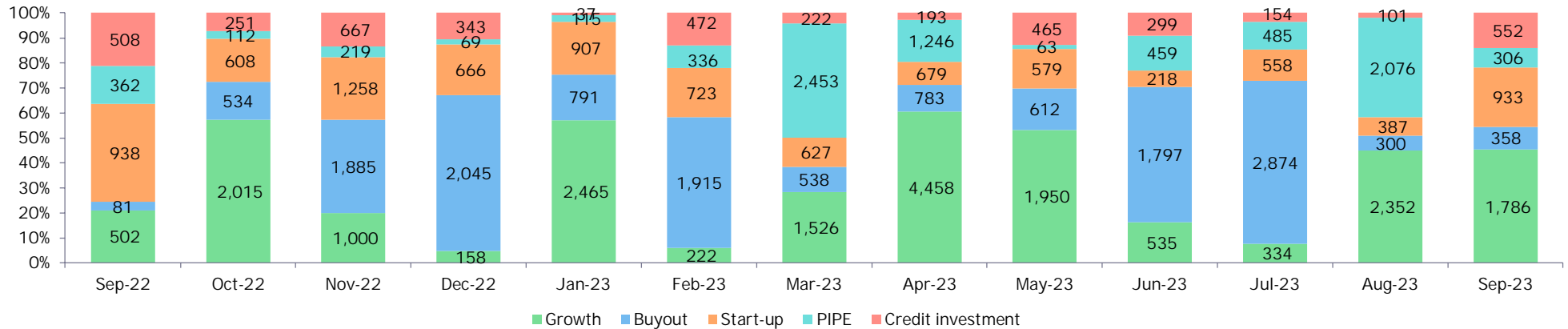
- ▶ PE/VC investments in September 2023 (US\$3.9 billion) were 65% higher than September 2022 (US\$2.4 billion) and 25% lower than August 2023 (US\$5.2 billion). In terms of number of deals, September 2023 (76 deals) recorded a 10% decline compared to September 2022 (84 deals).
- ▶ September 2023 recorded nine large deals (deals of value greater than US\$100 million) aggregating US\$2.8 billion, a 211% increase y-o-y in terms of value. The largest deal in September 2023 saw Brookfield and Axis Energy Ventures form their second joint venture with Brookfield investing US\$845 million.
- ▶ Growth investments had the largest share in September 2023 with US\$1.8 billion invested, compared to US\$502 million invested in September 2022, a 256% increase in value on a y-o-y basis. Startup investments were the second largest with US\$933 million invested across 37 deals in September 2023, yet they declined by 1% compared to US\$938 million across 43 deals in September 2022. Credit Investment were third highest in September 2023 (US\$552 million across five deals) with a 9% growth compared to September 2022 (US\$508 million across 16 deals). Followed by buyouts (US\$358 million across six deals) with a 344% growth compared to September 2022 (US\$81 million recorded across three deals). Lastly, private investments in public equity (PIPE) at US\$306 million across 12 deals declined by 16% compared to US\$363 million across six deals in September 2022.
- ▶ From a sector point of view, infrastructure was the top sector in September 2023 with US\$1.7 billion in PE/VC investments across seven deals, on the back of the large investment of US\$845 million by Brookfield in its joint venture with Axis Energy Ventures. The technology sector was the second largest, with US\$411 million across nine deals.

PE/VC monthly headline trends: investments

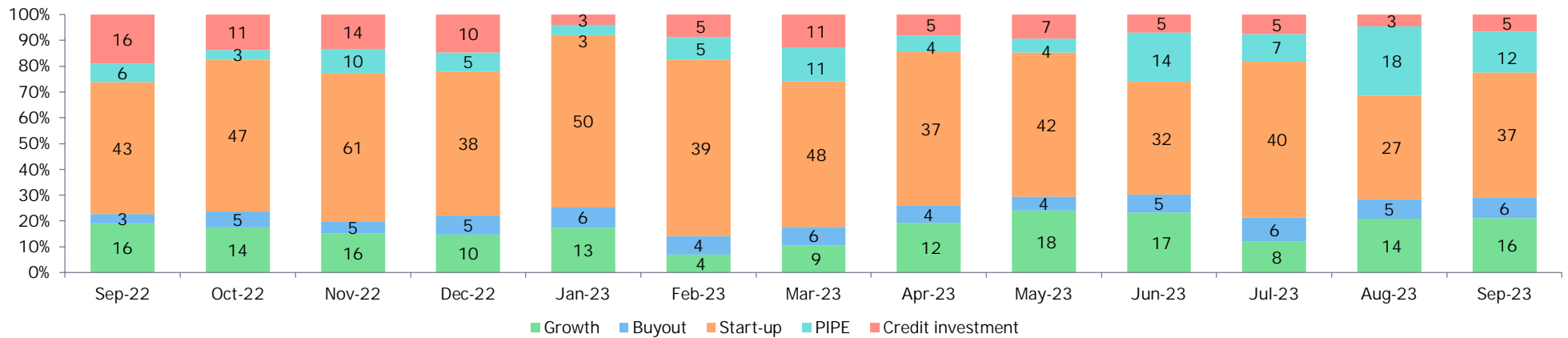


PE/VC monthly headline trends: investments

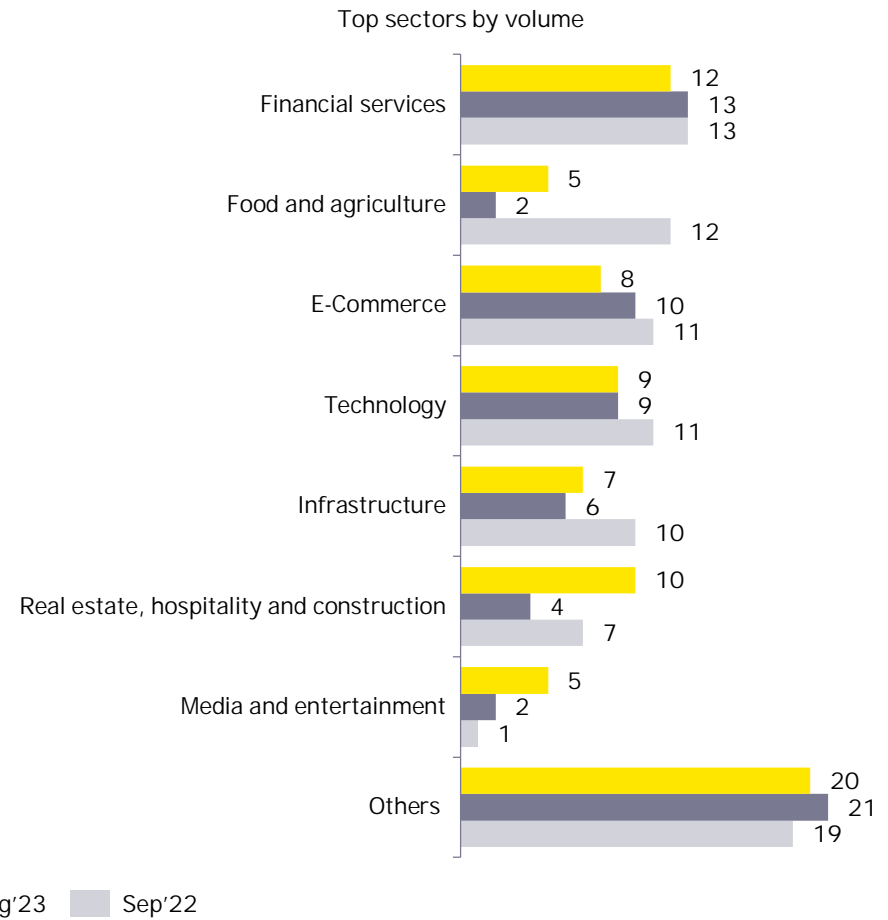
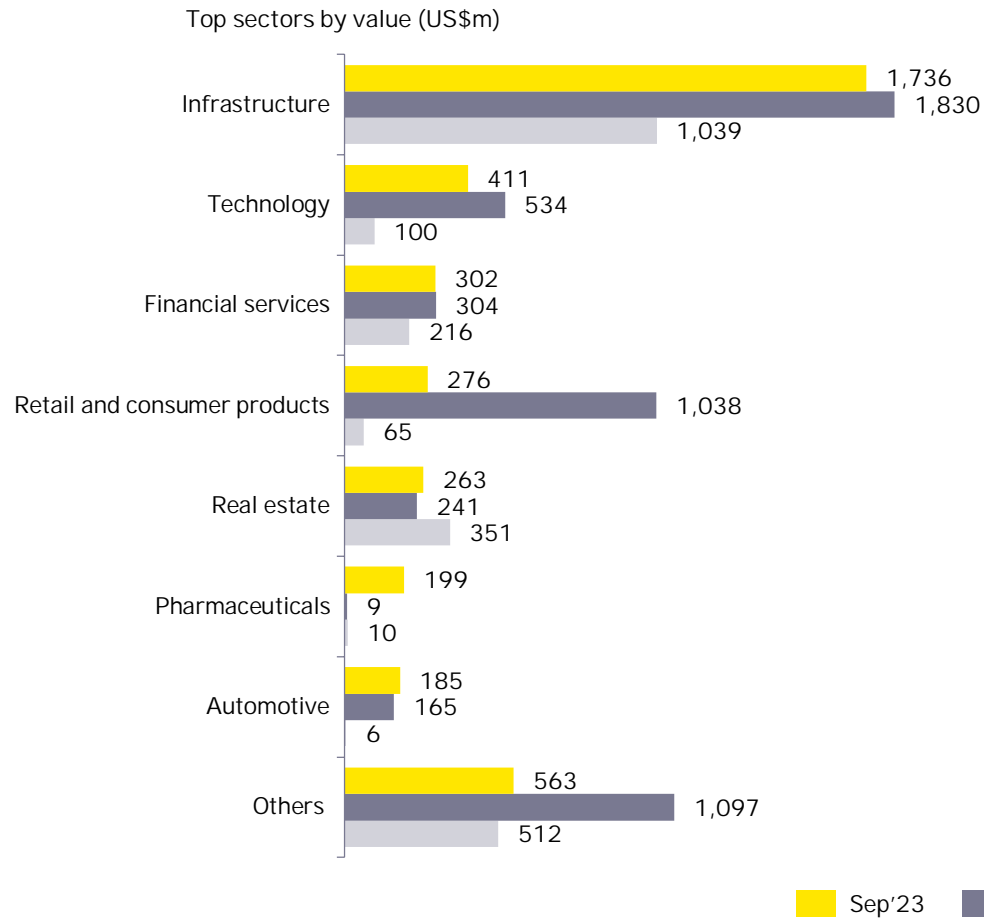
PE/VC investments: split across deal segments (value in US\$m)



PE/VC investments: split across deal segments (number of deals)

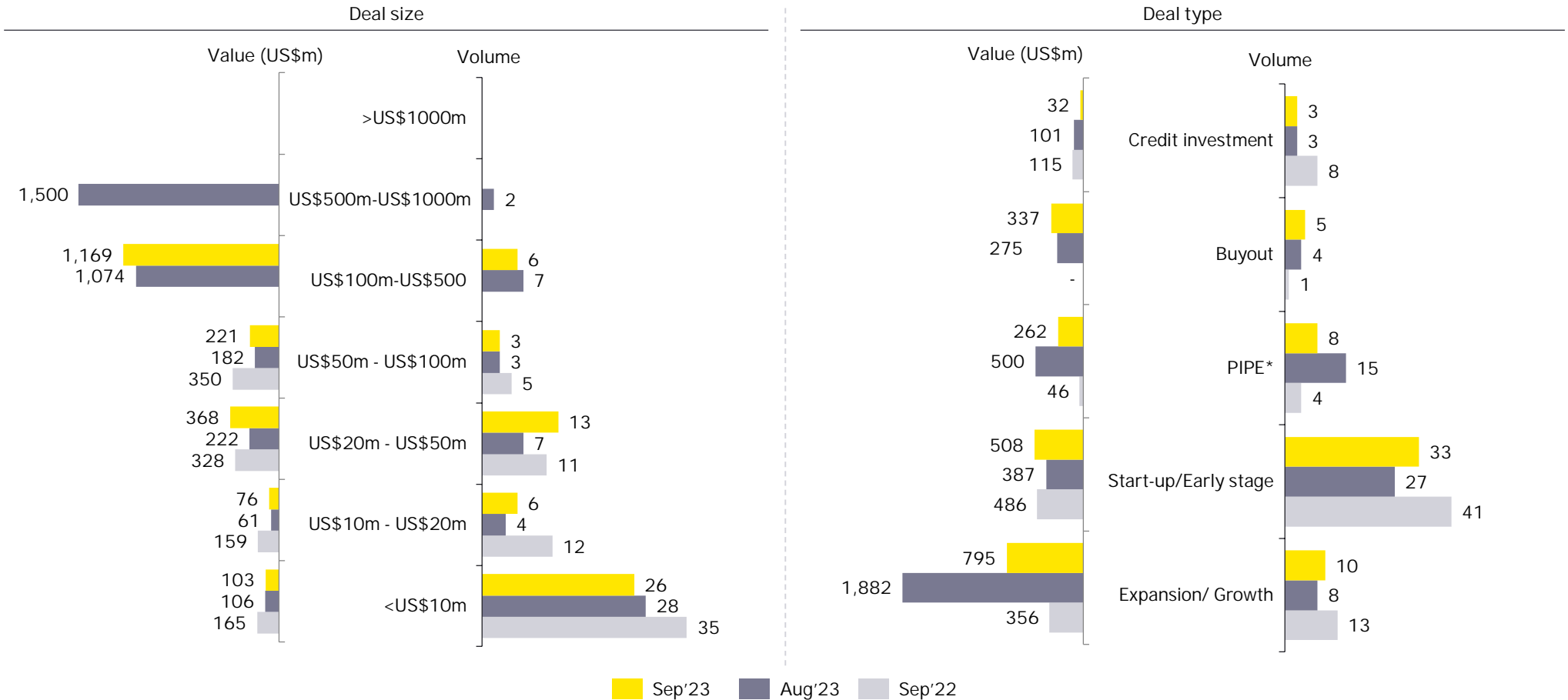


PE/VC investments: split by sector



■ Sep'23
 ■ Aug'23
 ■ Sep'22

PE/VC investments: split by deal type and deal size (excludes real estate and infrastructure)



* PIPE: Private investment in public equity

Note: Deal value not available on 4 deal in Sep'22, 6 deals in Aug'23 and 5 deals in Sep'23

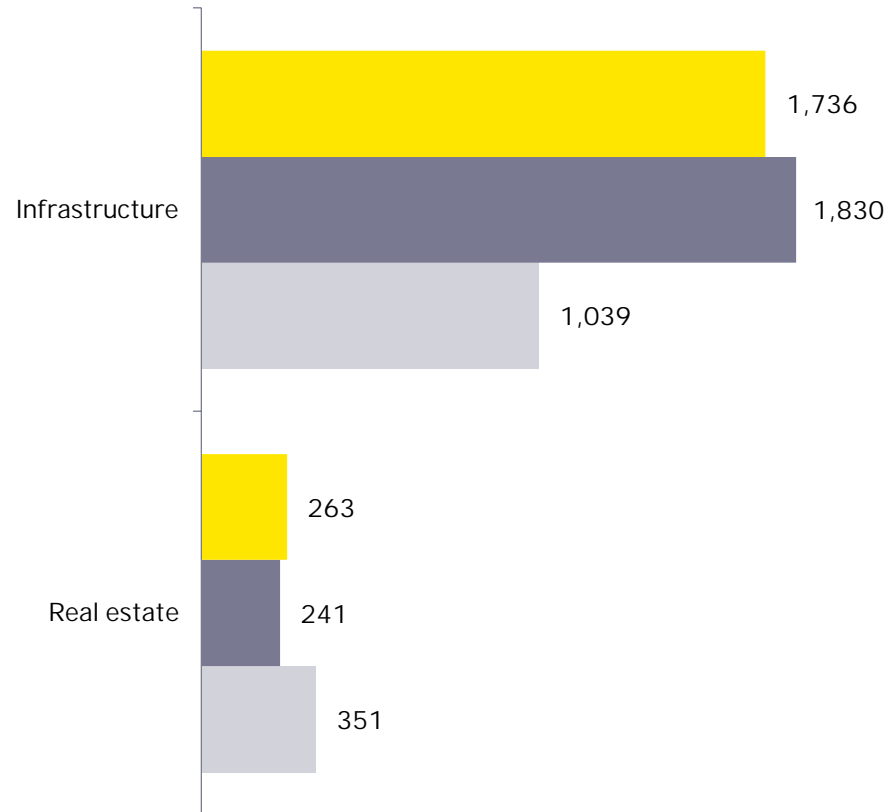
Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in September 2023

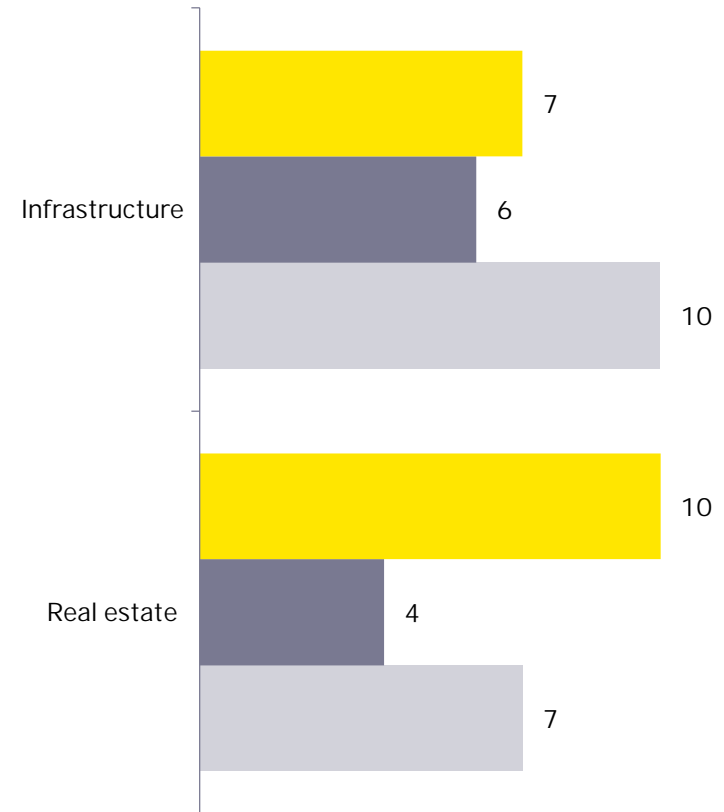
Company	PE investors	Sector	Stage	US\$m	Stake (%)
Reliance Retail Ventures Limited	KKR	Retail and consumer products	Growth capital	249	NA
Perfios Software Solutions Private Limited	Kedaara Capital	Technology	Growth capital	229	NA
Ind Swift Laboratories Limited (API and CRAMS Business)	India Resurgence Fund	Pharmaceuticals	Buyout	199	100
IDFC First Bank Limited	GQG Partners	Financial services	PIPE	184	3
K12 Techno Services Private Limited	Kedaara Capital	Education	Growth capital	168	NA
Ola Electric Mobility Private Limited	Temasek and others	Automotive	Startup	140	3
Aiquire Inc	Celesta Capital, Chiratae Ventures, General Atlantic, Touring Capital	Technology	Startup	85	NA
Asian Institute of Nephrology and Urology Private Limited	Asia Healthcare Holdings (TPG Backed)	Healthcare	Buyout	72	NA
Ivy Health and Lifesciences Private Limited	India Resurgence Fund	Healthcare	Buyout	63	NA
Ather Energy Private Limited	GIC	Automotive	Startup	42	NA

PE/VC investments in infrastructure and real estate sectors

Top sectors by value (US\$m)

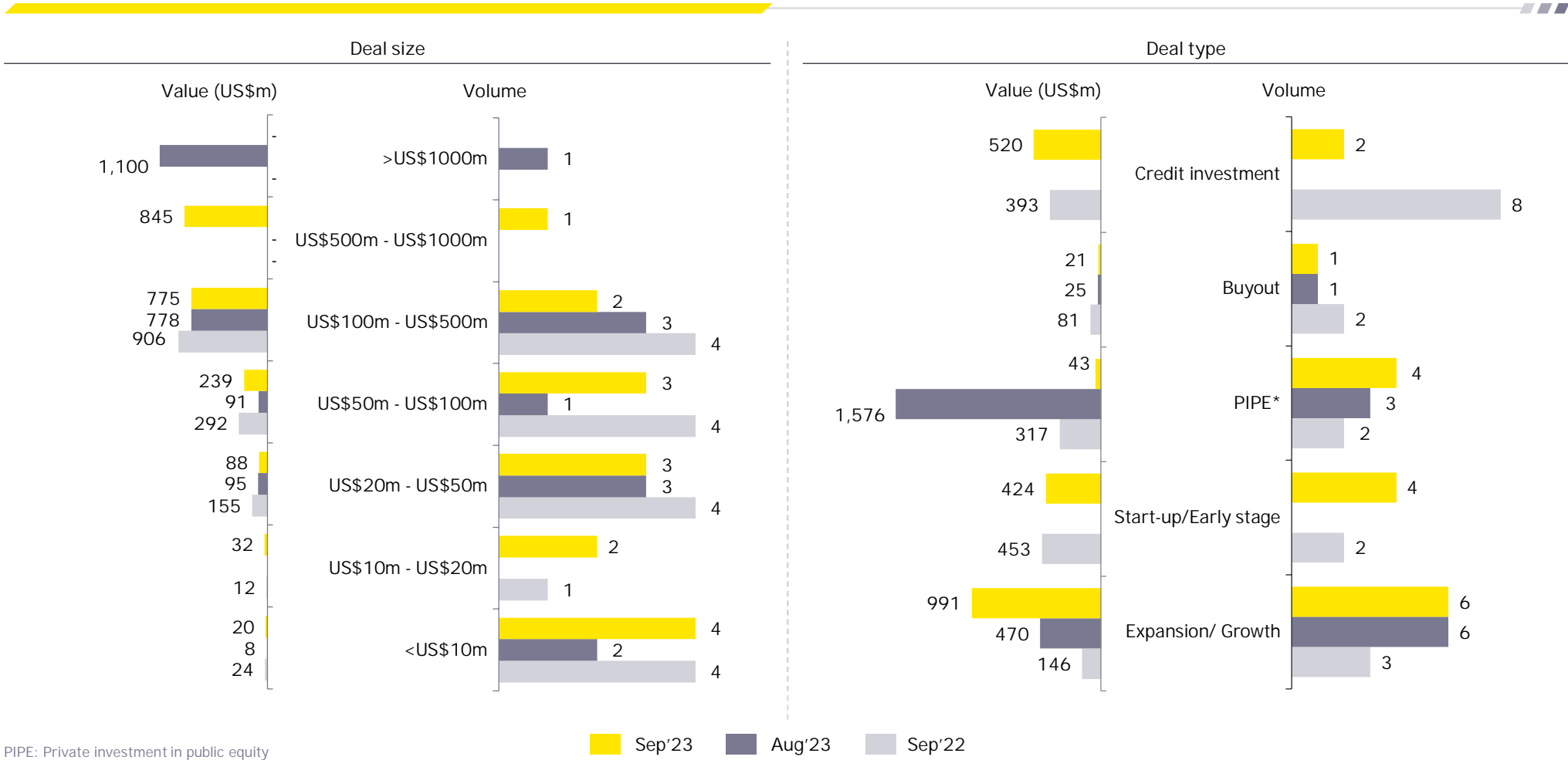


Top sectors by volume



■ Sep'23 ■ Aug'23 ■ Sep'22

PE/VC investments in infrastructure and real estate sectors



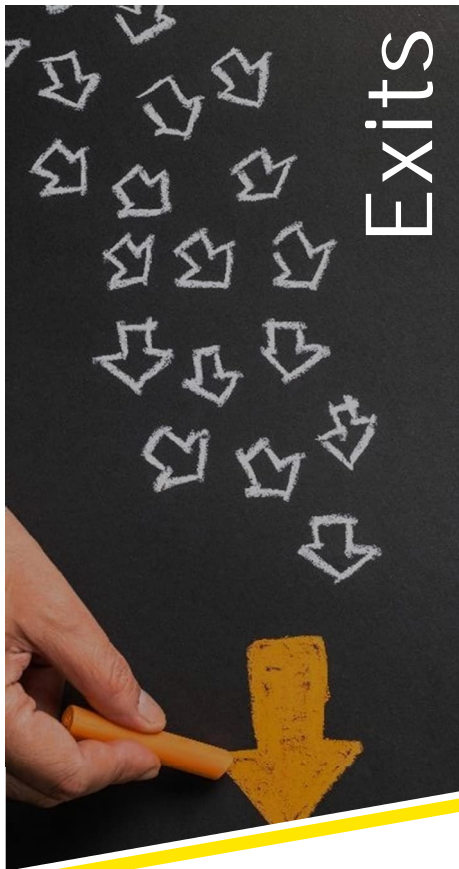
* PIPE: Private investment in public equity
 Note: Deal value not available on 2 deals in Sep'23

Top infrastructure and real estate investments

Top infrastructure and real estate investments in September 2023

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Brookfield - Axis Energy Ventures JV2	Brookfield	Infrastructure	Growth capital	845	NA
TP Solar Limited	U. S. International Development Finance Corporation	Infrastructure	Credit investment	425	NA
Juniper Green Energy Private Limited	AT Capital, Vitol Group	Infrastructure	Startup	350	NA
Brookfield RJ	IFC	Infrastructure	Credit investment	95	NA
Warehousing facility in Thane	Welspun One Logistics Parks	Real estate	Growth capital	72	NA

Key trends

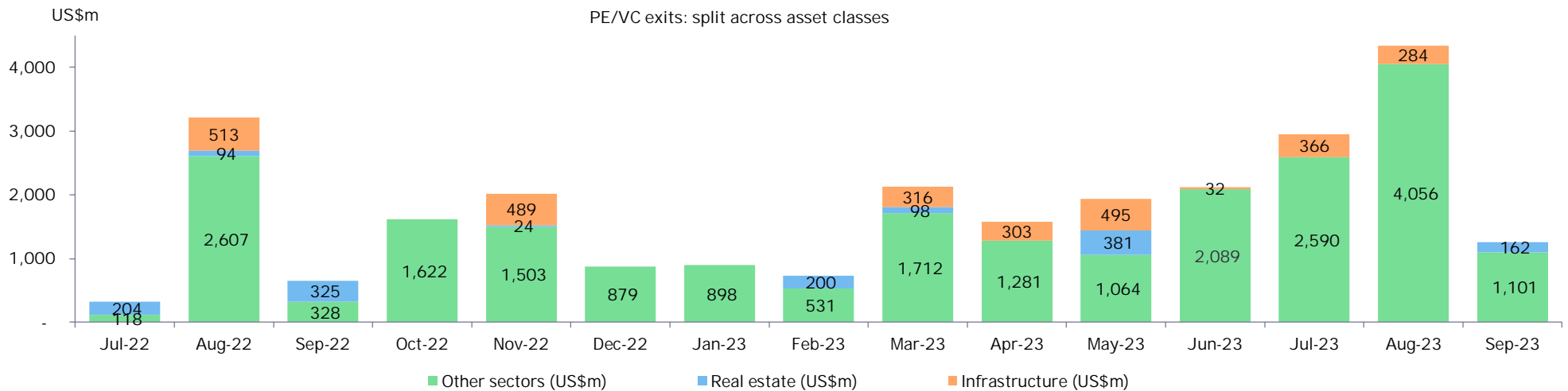
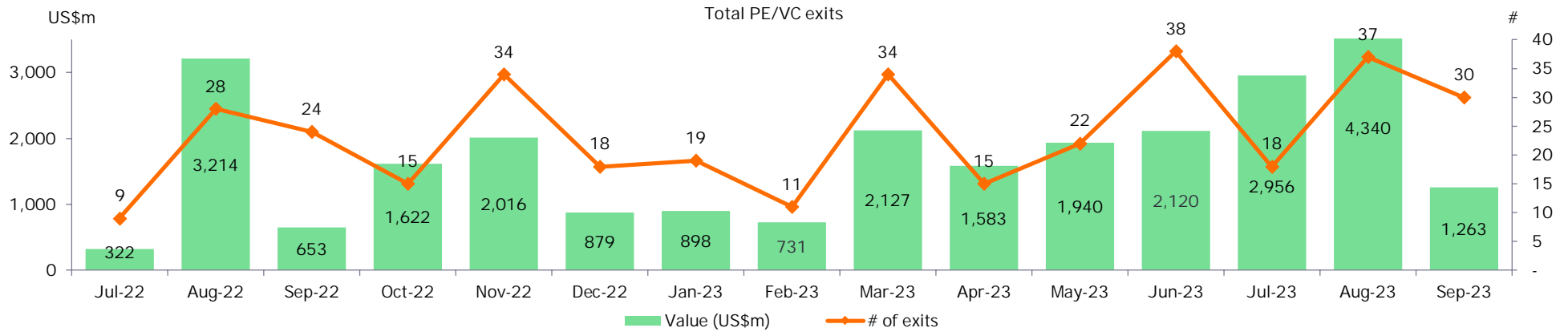


- ▶ September 2023 recorded 30 exits worth US\$1.3 billion, the lowest value of exits in six months, compared to US\$653 million in September 2022 across 24 deals.
- ▶ Open market exits were the highest in September 2023 at US\$912 million across 10 deals, accounting for 73% of all exits by value. September 2023 recorded five PE-backed IPOs.
- ▶ The largest exit in September 2023 saw Warburg Pincus sell its 4.2% stake in IDFC First Bank for US\$299 million.



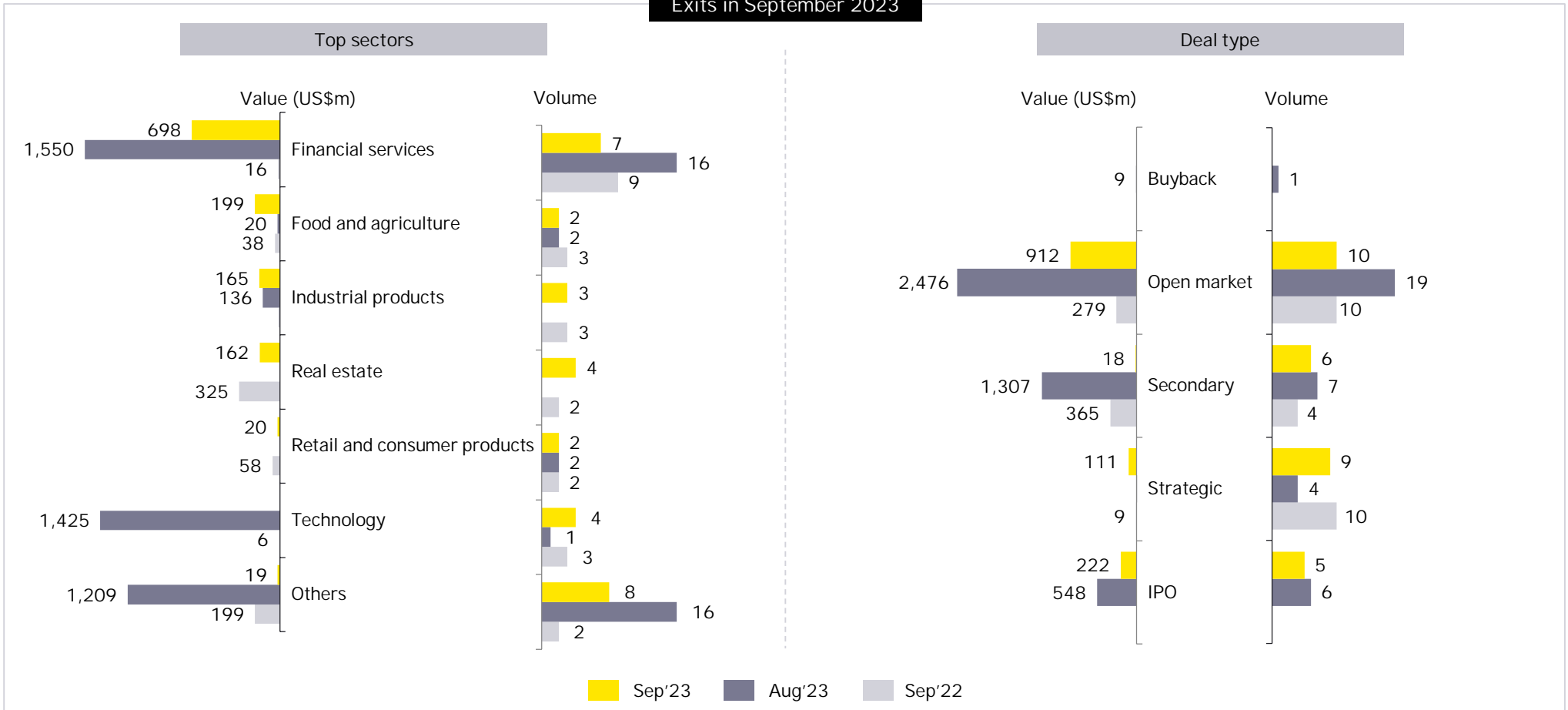
- ▶ September 2023 recorded total fundraises of US\$1.1 billion compared to US\$284 million raised in September 2022 and US\$1.5 billion in August 2023.
- ▶ US\$426 million raised by Creagis Fund 1 was the largest in September 2023.

PE/VC monthly headline trends: exits



Exits: US\$1.3 billion across 30 deals in September 2023

Exits in September 2023

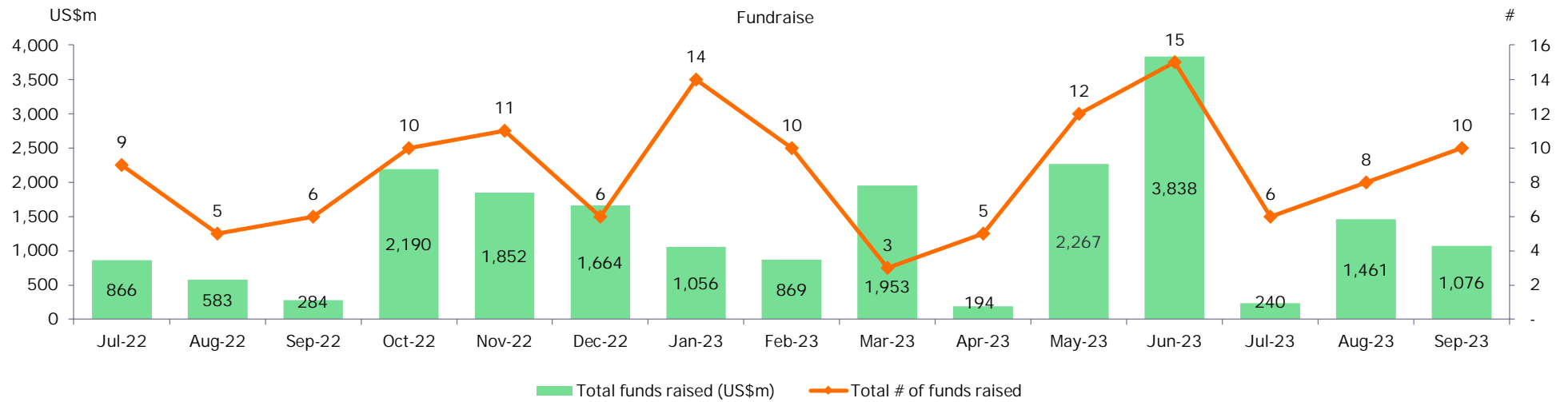


Top exits

Top exits in September 2023

Company	Sector	Seller	Stage	US\$m	Stake (%)
IDFC First Bank Limited	Financial services	Warburg Pincus	Open market	299	4
Five-Star Business Finance Limited	Financial services	Matrix Partners, Norwest Venture Partners, TPG Capital Asia	Open market	225	9
Restaurant Brands Asia Limited	Food and agriculture	Everstone	Open market	180	25
R R Kabel Limited	Industrial products	TPG Capital Asia	IPO	161	11
L&T Finance Holdings Limited	Financial services	Bain Capital	Open market	110	3
3 floors in Mumbai's BKC	Real estate	Godrej Fund	Strategic	108	100

PE/VC monthly headline trends: fundraise



Fundraise

Top fundraise in September 2023

Status	Fund	PE/VC GP	US\$m	Strategy
Announced	Edelweiss Climate Fund	Edelweiss	500	Climate related projects
Raised	Creagis Fund 1	Creagis	426	Investment in startups
Raised	IndoSpace Logistics Parks IV	IndoSpace	150	Industrial Park
Raised	Trifecta Venture Debt Fund - III	Trifecta Capital	113	Venture debt investments in startups
Raised	WSB Real Estate Debt Fund II	WSB	102	Debt investments in residential real estate

03

Spotlight: PE/VC investment trends in
the life sciences sector

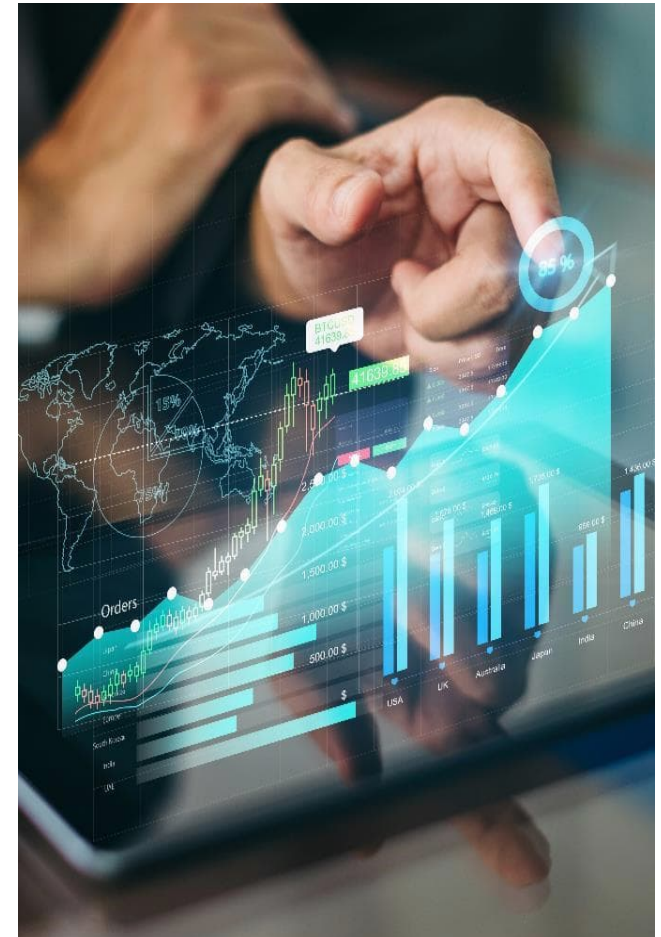
Spotlight: PE/VC investment trend in the life sciences sector

Robust growth in PE/VC investments:

- ▶ Over the last five years, PE/VC investments in India's life sciences sector have demonstrated an impressive CAGR of 24%. The year 2023 has witnessed a historic high in PE/VC investments within the life sciences sector recording US\$5 billion to date.
- ▶ Since 2018, this sector has attracted a significant sum of US\$22.1 billion in PE/VC investments, almost equally divided between pharmaceuticals and healthcare.
- ▶ The early years primarily saw growth driven by pharmaceutical investments. However, post-pandemic, healthcare investments have taken the lead.
- ▶ PE/VC investments in the pharmaceuticals sector were dominated by growth capital investments, while deals in the healthcare sector were primarily buyouts or startup investments.
- ▶ Within the pharmaceutical sector, investments were predominantly directed towards the formulation and Active Pharmaceutical Ingredient (API) manufacturers, each accounting for a share of approximately 42%.
- ▶ The healthcare sector's investments were mainly centered around hospitals and health tech startups.
- ▶ Hospitals received the majority share of 62% of all PE/VC investments in healthcare, followed by health tech with a 23% share.
- ▶ Historically, the PE/VC investments in the life sciences sector focused primarily on pharmaceuticals and healthcare services such as hospitals and diagnostics. However, the past few years have seen emerging themes taking precedence in healthcare. These encompass digital health, consumer health, self-care, medical devices and technology, point-of-care devices, animal health, drug discovery, and biotechnology.

The growth in PE/VC investments has been driven by a secular demand growth:

- ▶ Growing healthcare demand is influenced by increasing disposable incomes, heightened health and wellness awareness, and a rise in chronic and lifestyle diseases. The trend has accelerated in recent years.
- ▶ Two significant factors have driven this transformation. Firstly, the global repercussions of the COVID-19 pandemic prompted a reevaluation of global pharmaceutical supply chains, benefiting India.
- ▶ Secondly, government policies, including the Ayushman Bharat health insurance scheme introduced in 2019 and the National Digital Health Mission (NDHM) initiated in 2021, have created favorable conditions for investment.



Spotlight: PE/VC investment trend in the life sciences sector

Key PE/VC investment trends

Shift towards larger deals

Notably, there has been a discernable shift towards larger deal sizes in the life sciences sector. Average deal sizes in this sector have surged from around US\$26 million in 2018 to US\$84 million in 2023. This substantial increase can be primarily attributed to the growing number of buyouts.

Record-breaking buyouts in 2023

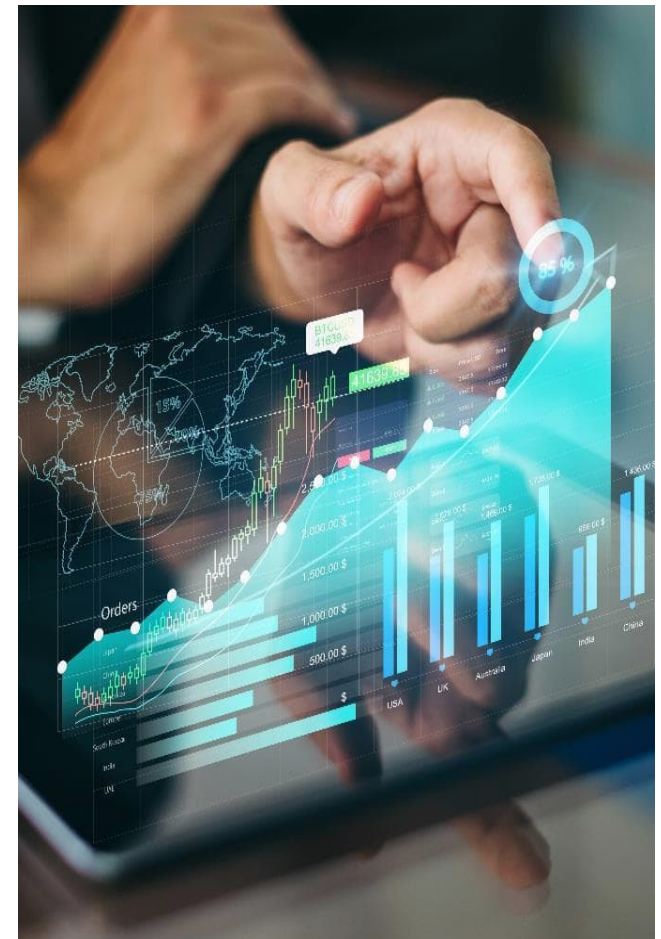
The year 2023 has marked a record in the life sciences sector with an impressive count of 12 buyouts, the highest ever recorded in this sector. Among these, the most prominent is BPEA EQT's US\$600 million buyout of Indira IVF, which stands as the largest buyout within the healthcare sector.

Landmark deal by Temasek

A remarkable transaction in 2023 involves Temasek's acquisition of a 41% stake in Manipal Health for a substantial US\$2 billion, subsequently raising its overall ownership to 59%. This is the largest deal in the sector in India.

The Temasek-Manipal deal represents of a growing trend of buyouts by global PE / SW funds in the Indian healthcare sector.

This trend closely aligns with global patterns where prominent PE firms such as Blackstone, Apollo, Carlyle, KKR, and Warburg Pincus have executed sizeable control deals, primarily concentrated in hospitals, and extending to sectors like nursing homes, health information technology, staffing companies, medical supplies, and health tech.



Spotlight: PE/VC investment trend in the life sciences sector

Prospects of robust returns further fuel the sector's attractiveness

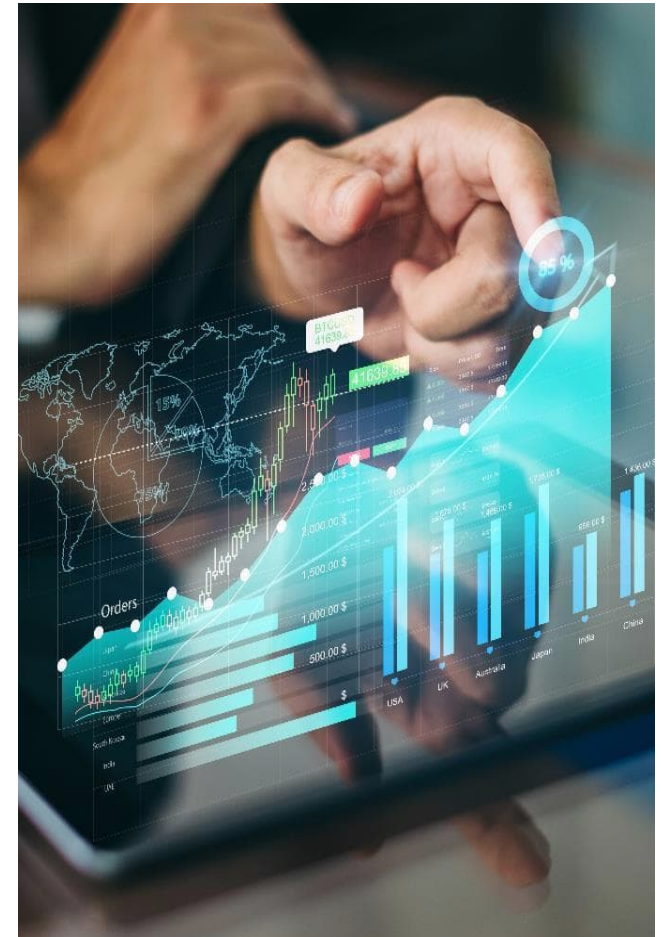
- ▶ The compelling appeal of the Indian life sciences sector is further bolstered by the substantial returns yielded from recent divestments. For example, KKR's US\$2billion exit from Max Healthcare.
- ▶ In addition to KKR, other noteworthy exits included Everstone's exit from Sahyadri Hospitals, TA Associates's exit from Indira IVF Hospital, as well as Carlyle's and British International Investment's IPO-led exit from Medanta (Global Health) and Rainbow Hospitals, respectively.

Additional factors

- ▶ Several other factors contribute to the sector's attractiveness. Notably, many investors have developed familiarity with these assets due to their rigorous evaluation through multiple rounds of due diligence. Furthermore, these assets consistently demonstrate a high standard of governance.
- ▶ The sector's appeal is further enhanced by significant scale expansion, driven by consolidation efforts among major players and brownfield expansion initiatives. Additionally, there is a heightened focus on enhancing service offerings through specialization and implementing cost optimization strategies, leading to improved outcomes such as increased average revenue per occupied bed, improved utilization rates, and enhanced profit margins.

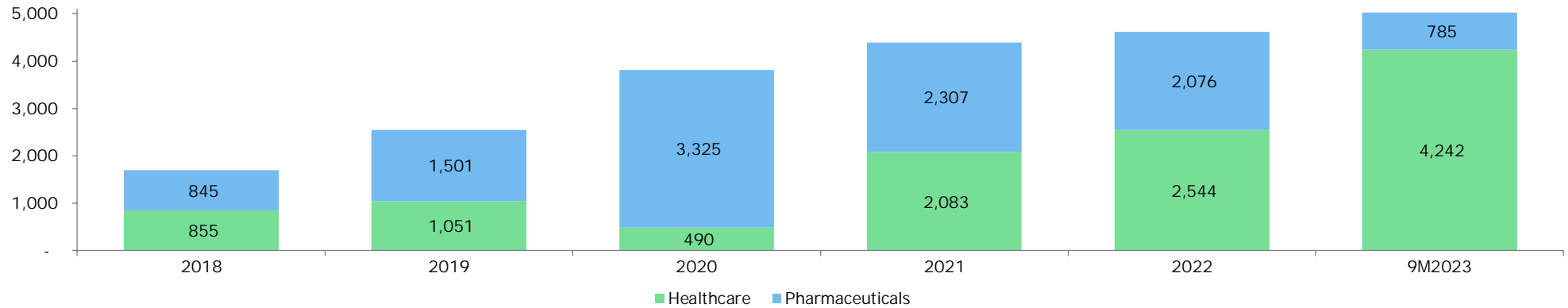
Significant advantages for the healthcare sector with growing PE interest

- ▶ The healthcare sector is experiencing pronounced benefits from the rising PE interest, primarily due to its capital-intensive nature and the extended period required to attain breakeven and satisfactory profitability. PE investments provide a substantial financial cushion to the management, allowing them to concentrate on implementing growth strategies that include vital elements such as capital expenditure, infrastructure development, digital solutions, and robust marketing initiatives.

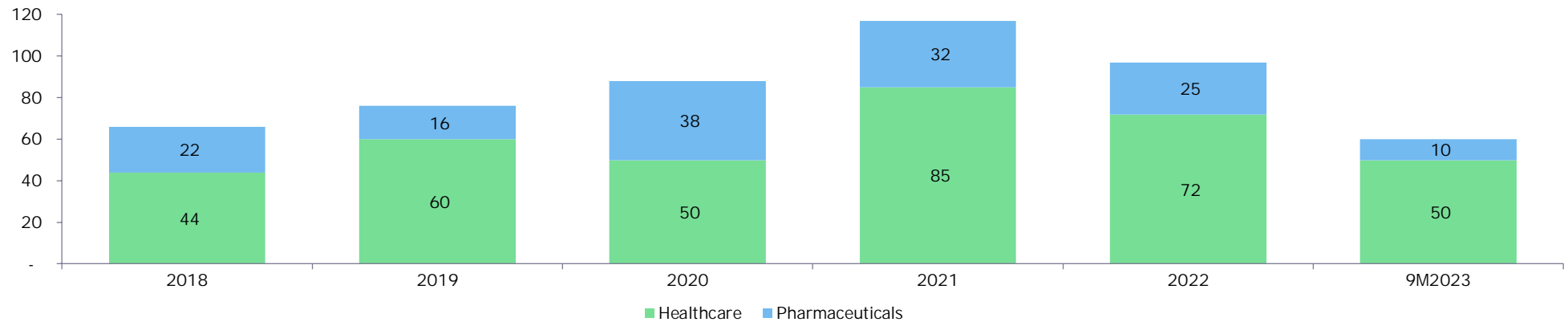


Spotlight: PE/VC investment trend in the life sciences sector

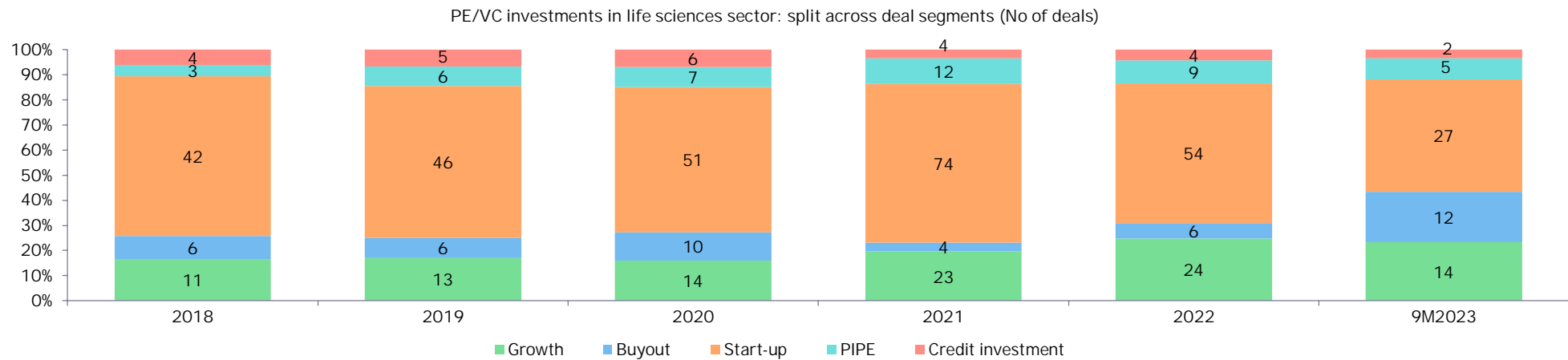
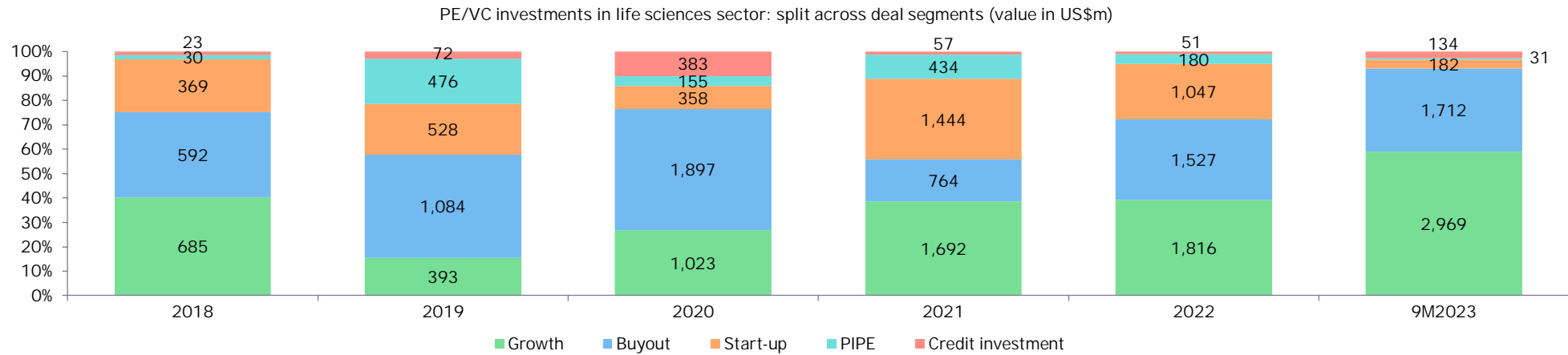
PE/VC investments in life sciences sector: split between pharmaceuticals and healthcare (value in US\$m)



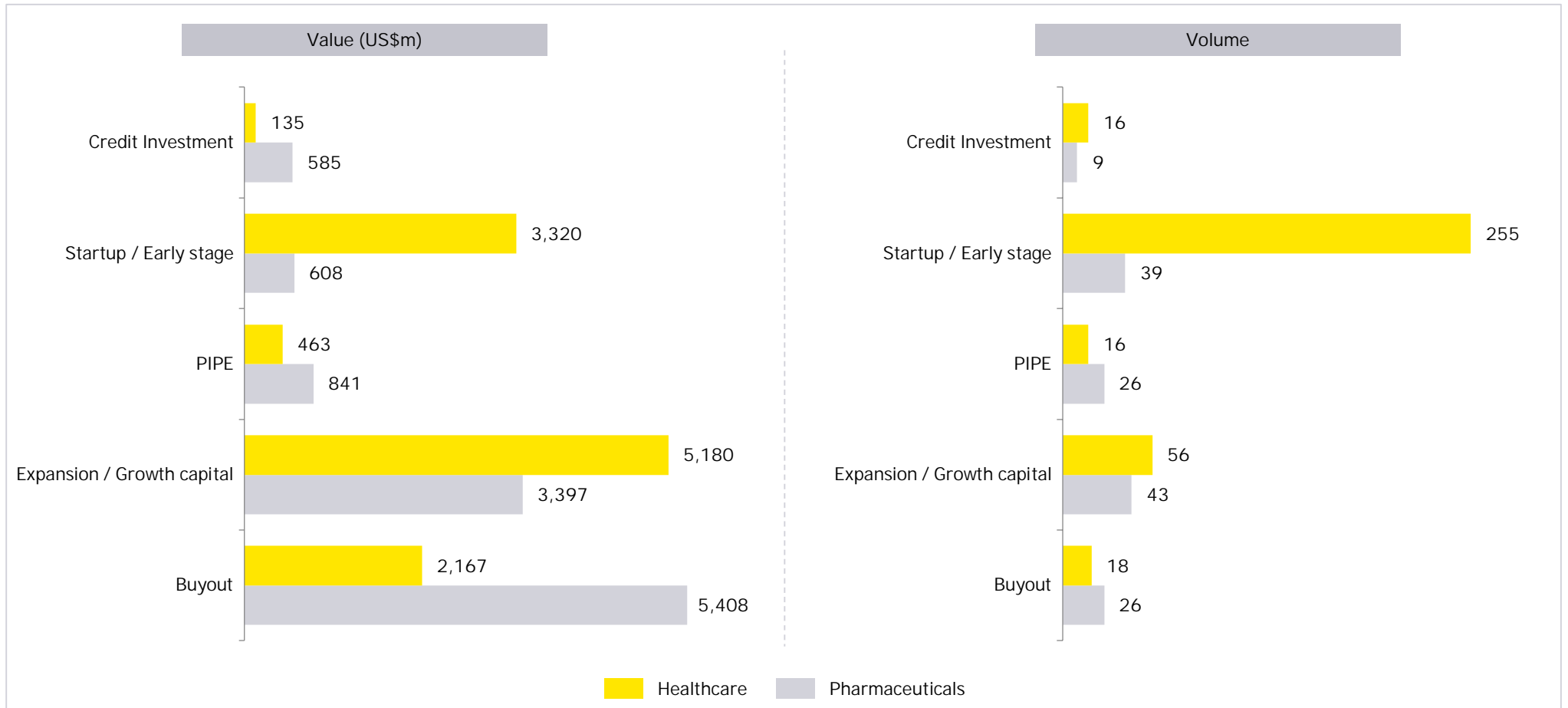
PE/VC investments in life sciences sector: split between pharmaceuticals and healthcare (No. of deals)



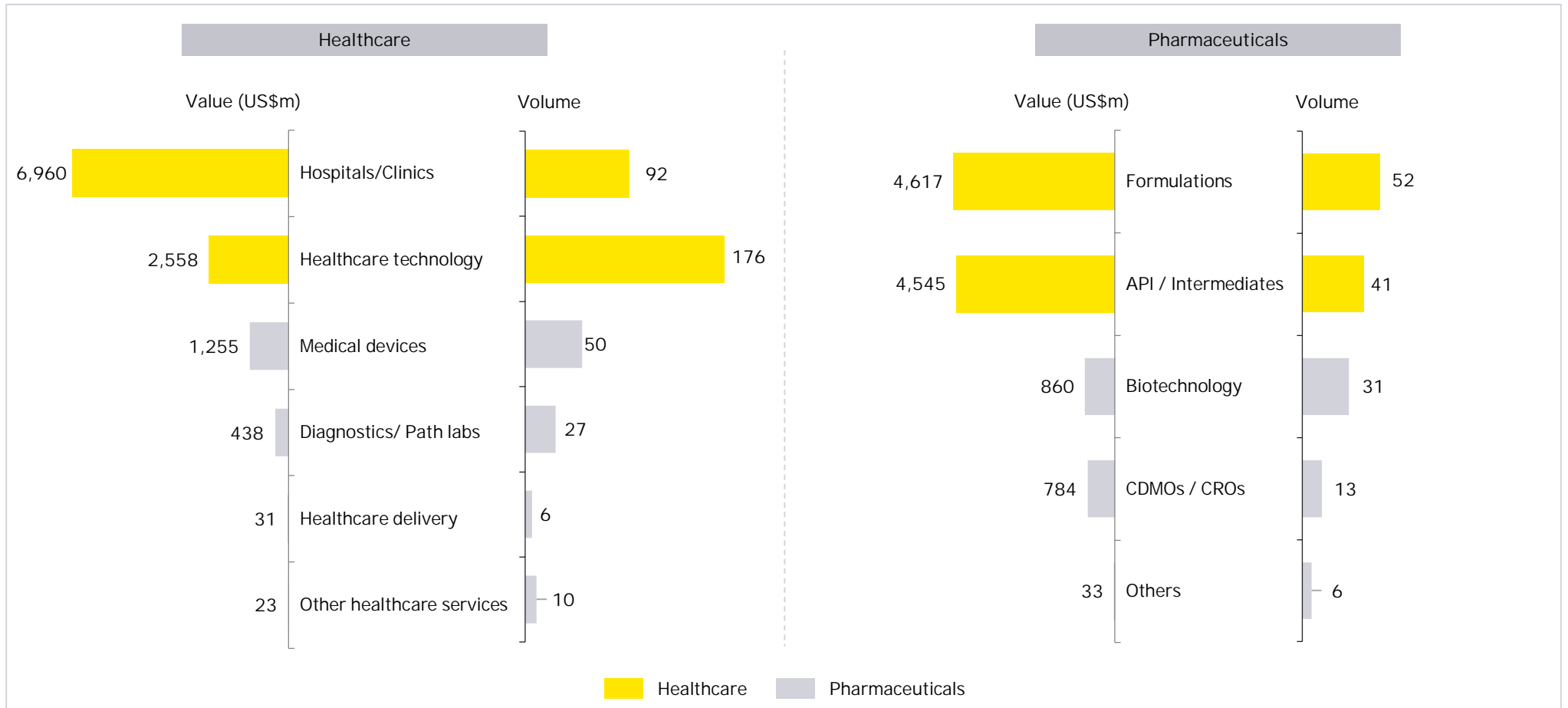
Spotlight: PE/VC investment trend in the life sciences sector



Spotlight: PE/VC investment trend in the life sciences sector



Spotlight: PE/VC investment trend in the life sciences sector



Spotlight: PE/VC investment trend in the life sciences sector

Top PE/VC investments in the healthcare sector

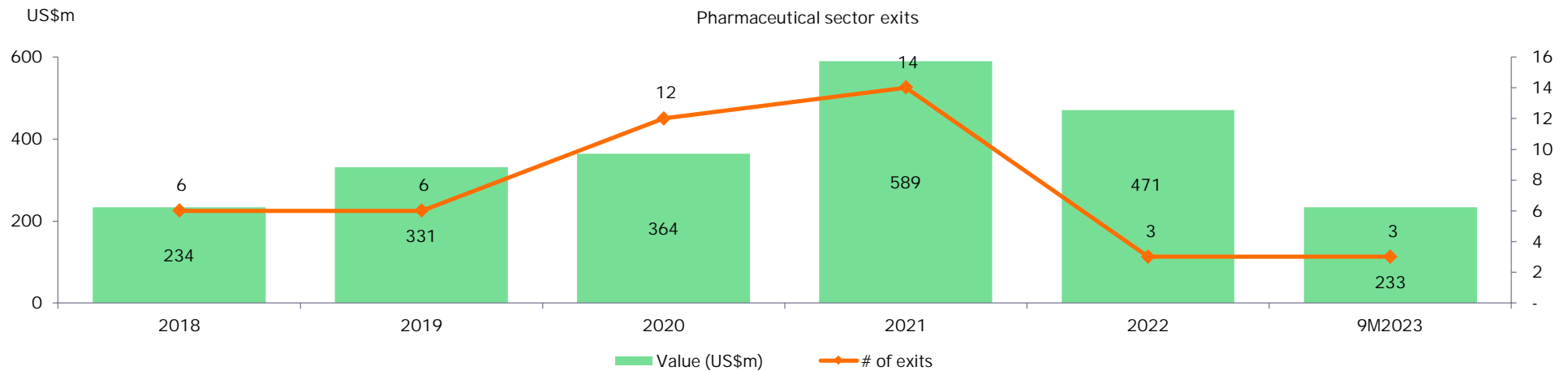
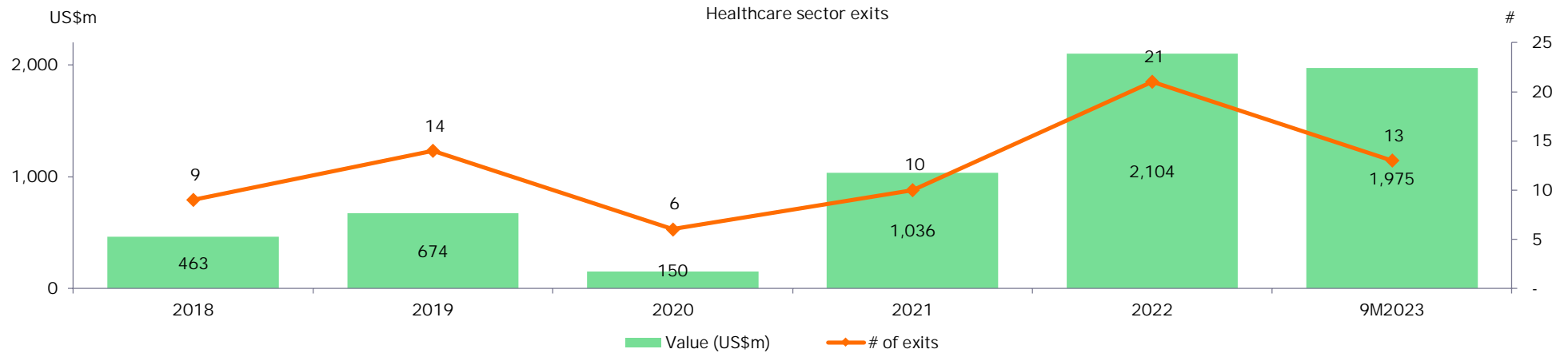
Company	PE investors	Sub Sector	Stage	US\$m	Stake (%)
Manipal Health Enterprises Private Limited (Manipal Hospitals)	Temasek	Hospitals/Clinics	Growth capital	2,000	41
Indira IVF Hospital Private Limited	BPEA EQT	Hospitals/Clinics	Buyout	660	60
Manipal Health Enterprises Private Limited (Manipal Hospitals)	TPG	Hospitals/Clinics	Growth capital	537	11
Healthium Medtech Private Limited	Apax Partners	Medical Devices	Buyout	350	~100
Sahyadri Hospitals Private Limited	Ontario Teachers Pension Plan	Hospitals/Clinics	Buyout	300	90
Manipal Health Enterprises Private Limited (Manipal Hospitals)	NIIF	Hospitals/Clinics	Growth capital	286	NA
Apollo Hospitals Enterprise Limited	Sands Capital Management	Hospitals/Clinics	PIPE	224	4
Micro Life Sciences Private Limited	Warburg Pincus	Medical devices	Growth capital	210	12
Indegene Private Limited	Carlyle, Brighton Park Capital	Healthcare Technology	Growth capital	200	NA
ASG Hospital Private Limited (ASG Eye Hospitals)	General Atlantic, Kedaara	Hospitals/Clinics	Growth capital	188	NA

Spotlight: PE/VC investment trend in the life sciences sector

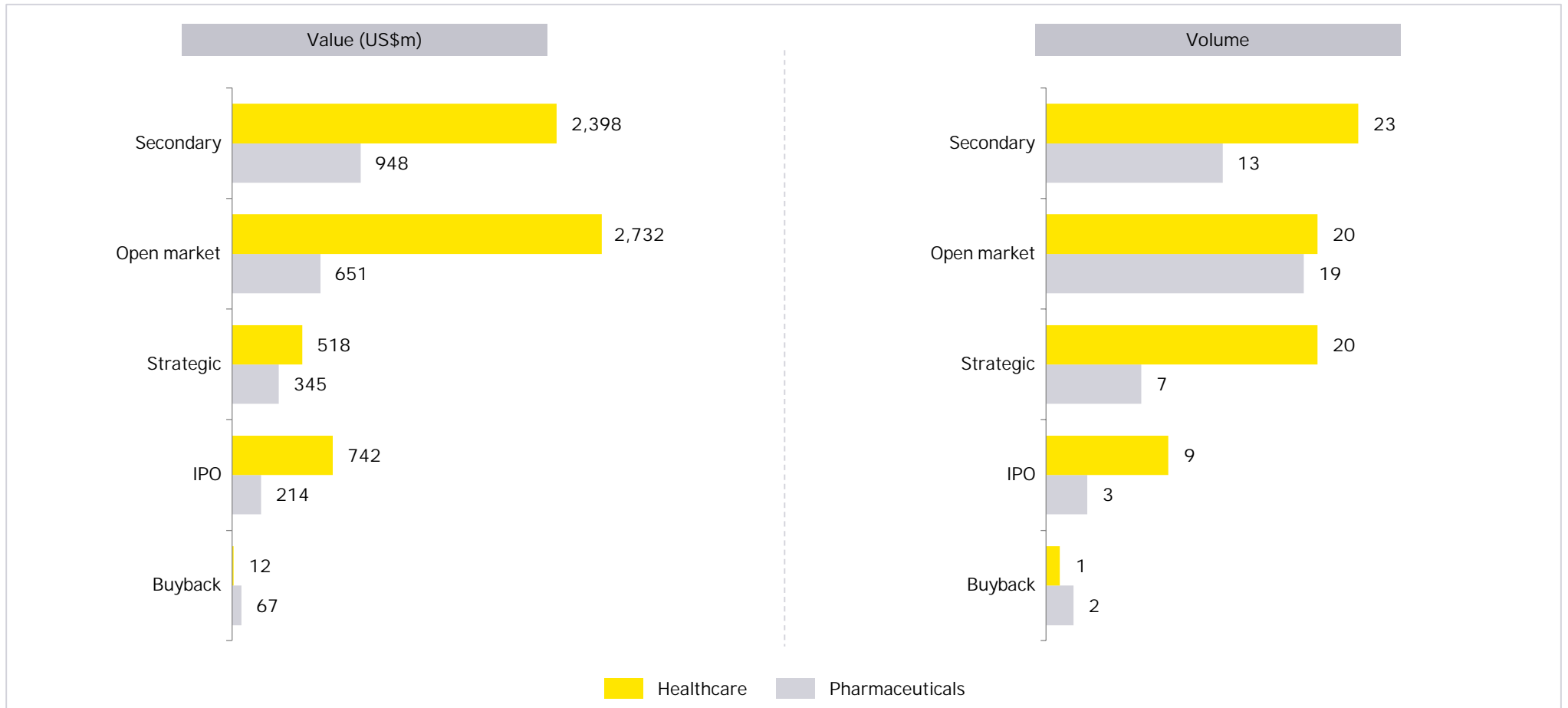
Top PE/VC investments in the pharmaceuticals sector

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Mankind Pharma Limited	ChrysCapital, GIC, CPPIB	Formulations	Growth capital	350	10
Viyash Life Sciences Private Limited	Carlyle	Formulations	Startup	300	NA
OmniActive Health Technologies Limited	TA Associates	API/Intermediates	Buyout	150	60
Acme Formulation Private Limited	PAG	Formulations	Buyout	145	NA
Synokem Pharmaceuticals Limited	TA Associates	API/Intermediates	Buyout	125	>50
Encube Ethicals Private Limited	Gulf Islamic Investments, Quadria Capital	Formulations	Growth capital	120	NA
Symbiotec Pharmed Private Limited	MOPE, Rosewood Private Investments, InvAscent	API/Intermediates	Buyout	100	>50
Rubicon Research Private Limited	General Atlantic	API/Intermediates	Buyout	100	70
Avra Laboratories Private Limited	Advent	API/Intermediates	Buyout	100	>50
Anjan Drug Private Limited	PAG, CX Capital, Samara Capital	API/Intermediates	Buyout	80	NA

Spotlight: PE/VC exit trend in the life sciences sector



Spotlight: PE/VC exit trend in the life sciences sector



Spotlight: PE/VC exit trend in the life sciences sector

Top PE/VC exits in the healthcare sector

Company	Seller	Sub Sector	Exit Type	US\$m	Stake (%)
Max Healthcare Institute Limited	KKR	Hospital/Clinics	Open market	1,163	28
Manipal Health Enterprises Private Limited (Manipal Hospitals)	NIIF, TPG	Hospital/Clinics	Secondary	1,024	41
Indira IVF Hospital Private Limited	TA Associates	Hospital/Clinics	Secondary	517	47
Max Healthcare Institute Limited	KKR	Hospital/Clinics	Open market	440	10
Max Healthcare Institute Limited	KKR	Hospital/Clinics	Open market	398	9

Top PE/VC exits in the pharmaceuticals sector

Company	Seller	Sub Sector	Exit Type	US\$m	Stake (%)
Intas Pharmaceuticals Limited	Temasek	Formulations	Secondary	260	3
Concord Biotech	Helix Investment Holdings	API/Intermediates	IPO	189	20
Aragen Life Sciences Private Limited	ChrysCapital	CDMO	Secondary	168	17
Curatio Health Care India Private Limited	ChrysCapital, Sequoia	Formulations	Strategic	141	53
Jubilant Life Sciences	IFC	Formulations	Open market	135	NA

A professional handshake in an office setting. The handshake is the central focus, with one person wearing a blue shirt and the other a white shirt and dark vest. In the background, a globe is visible. In the foreground, a desk is cluttered with various items: a glass of water, a smartphone, a pen holder with pencils, a red marker, a notebook, a small Indian flag on a brass stand, and two mugs. The overall scene conveys a sense of business agreement and professionalism.

About
**EY Private Equity
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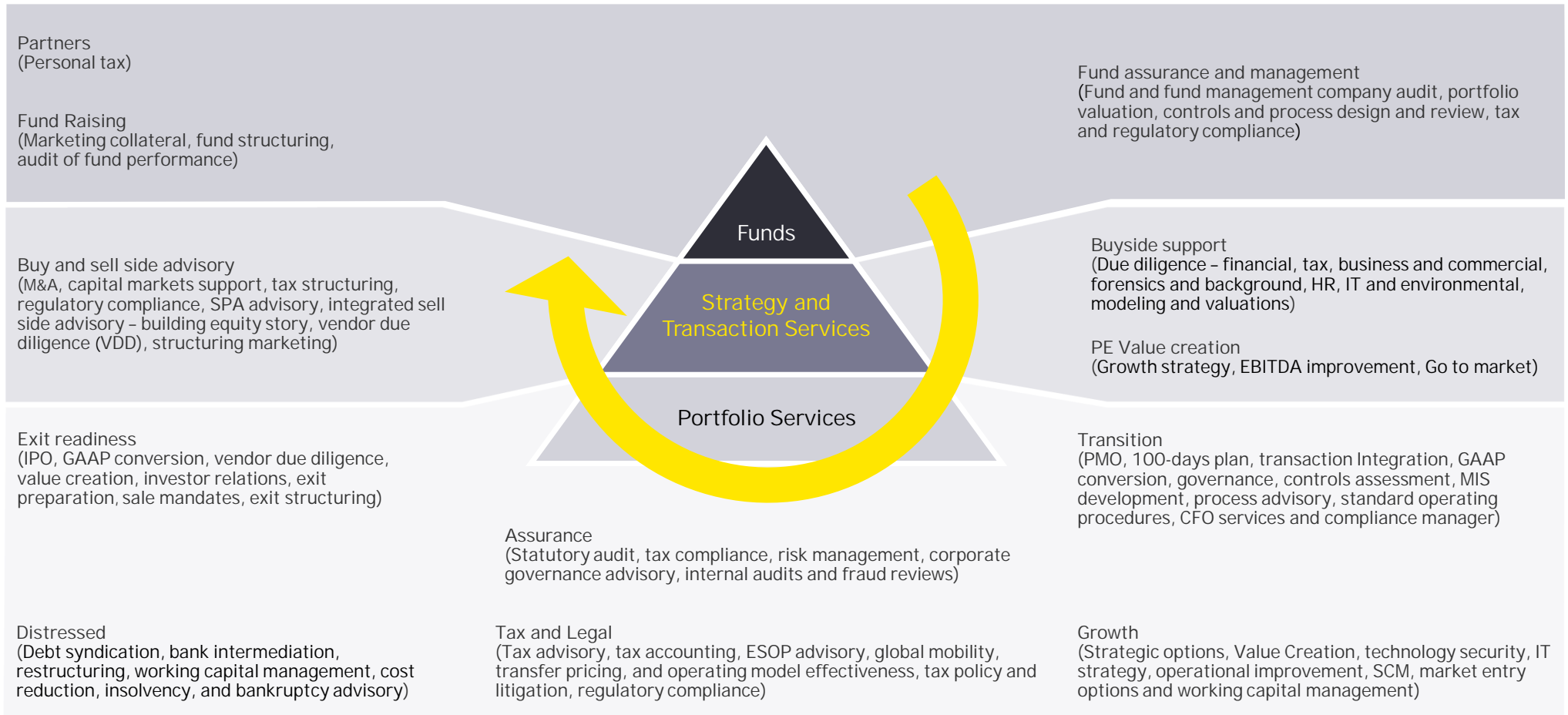
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** for most number of deals

EY services for private equity



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A nighttime photograph of a cable-stayed bridge with two tall, illuminated pylons. The bridge spans across a body of water, with a city skyline of lit-up skyscrapers in the background. The foreground shows palm trees and the bridge's support structure. Light trails from traffic are visible on the bridge deck.

About IVCA

IVCA

About IVCA

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