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IVCA-EY PE/VC Roundup



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Foreword and outlook



Vivek Soni

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Private Equity Services, EY India

“ February 2024 recorded US\$2.2 billion in PE/VC investments, 39% lower than the investments in February 2023 and 67% lower than January 2024. This is the second lowest monthly total for PE/VC investments since February 2021. The number of deals in February was however, higher by 111% y-o-y.

“ Buyout investments valued at US\$735 million were the highest segment across five deals in February 2024, compared to US\$1.9 billion invested across four deals in February 2023, a 62% degrowth in value terms. Startup investments recorded US\$554 million across 65 deals, a 23% decline in value terms y-o-y.

“ From a sectoral perspective, infrastructure was the leading sector in February 2024, totaling US\$412 million across seven deals, followed by technology (US\$359 million across 17 deals) and financial services (US\$253 million across 16 deals). These sectors combined accounted for 46% of the total PE/VC investments in February 2024.

“ PE/VC exits in February 2024 were at US\$2.9 billion across 39 deals, an increase of 303% in value terms y-o-y. Open market exits were the highest valued at US\$2.8 billion across 25 deals.

“ Over the past three years PE/VC backed IPO's have experienced significant growth in line with buoyant performance of the Indian capital markets. The rise in valuation multiples demonstrated by mid and small-cap companies and strong demand for fast growing companies facilitated the absorption of numerous PE/VC backed IPOs. The increasing depth of the Indian markets has also played a crucial role in allowing PE/VC funds to divest substantial stakes post-listing in the open market via block trades at a minimal discount.

“ The buoyant capital markets have become an important part of the Indian PE/VC ecosystem, offering rich valuations, and delivering good returns to investors. As we step into 2024, the momentum in PE/VC exits has remained robust, fueled by favorable market conditions and strong domestic demand for fast growing companies. The initial two months have already recorded 15% of total exits seen in 2023. While the Indian markets have demonstrated resilience, global uncertainties persist and both growth and inflation remain significant concerns. The schedule for the Indian general elections has been declared and we expect the markets to be rangebound but volatile as investors and sentiments react to earnings announcements (for 1Q2024) starting next month and geopolitical events. We remain cautiously optimistic as the election super cycle unfolds in India and globally, with many large economies going to the polls in 2024.



Agenda

1

Monthly trend analysis: February 2024

2

Spotlight: PE-backed IPOs

01

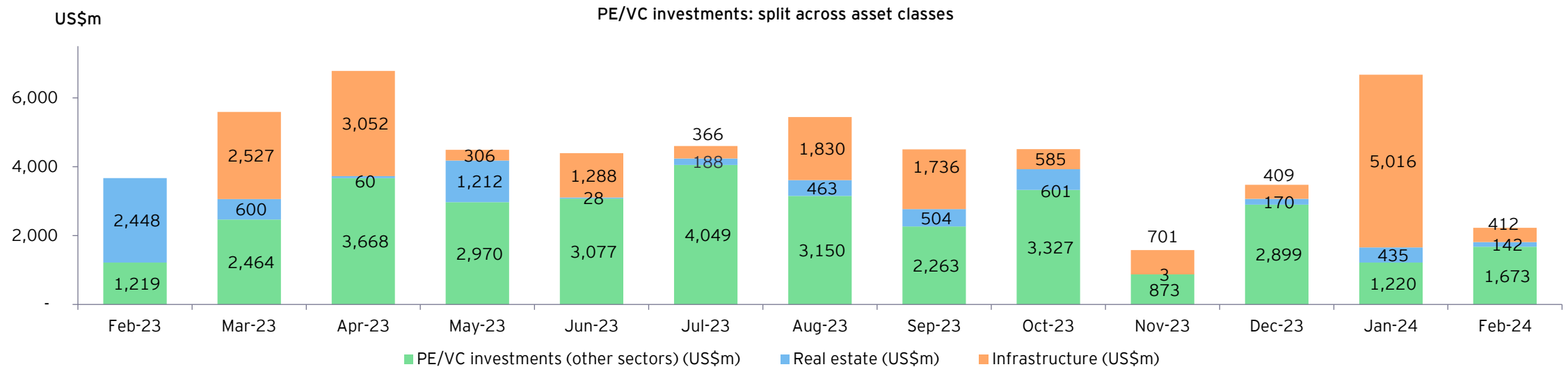
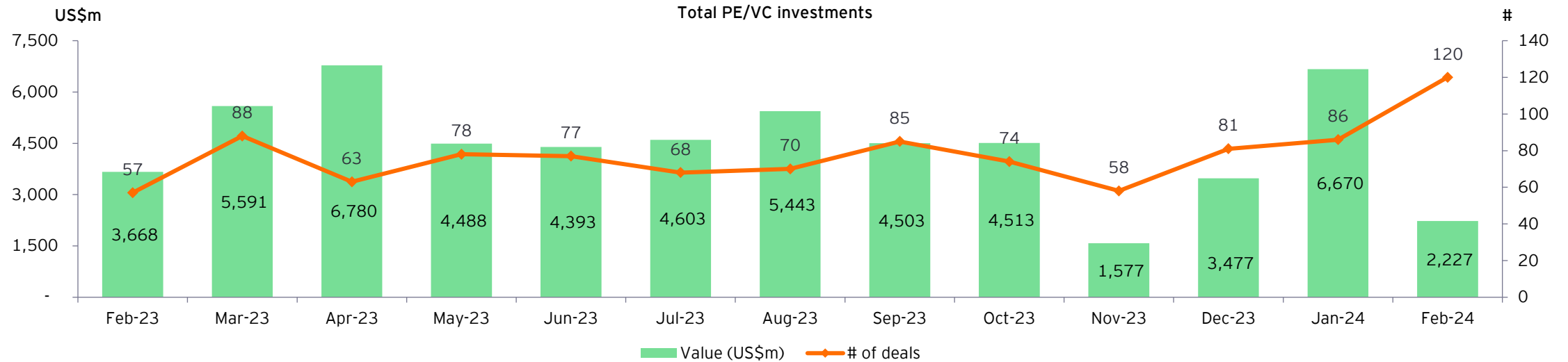
Monthly trend analysis:
February 2024

Key trends: monthly



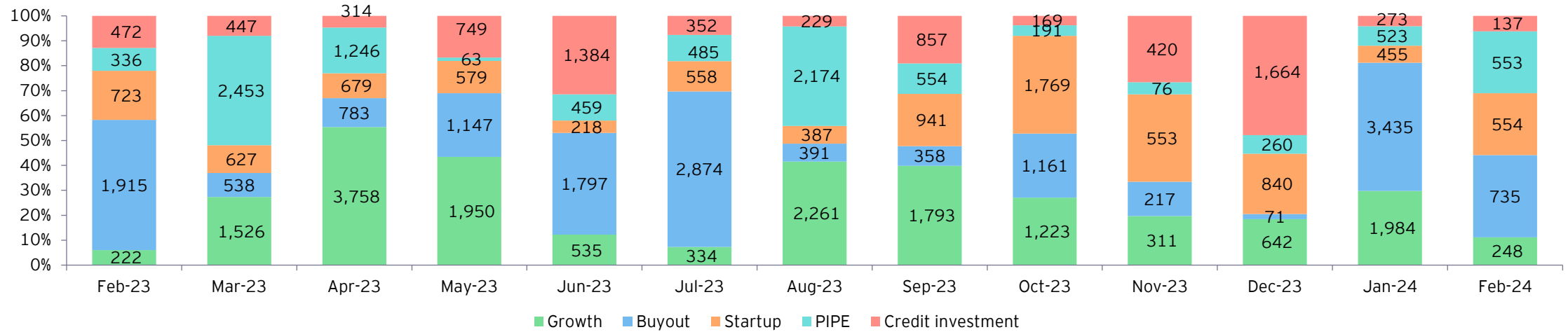
- ▶ February 2024 recorded PE/VC investments of US\$2.2 billion, second lowest monthly total since February 2021. In value terms, February 2024 was 67% lower than January 2024 (US\$6.7 billion) and 39% lower than February 2023 (US\$3.7 billion). In volume terms, February 2024 recorded 120 deals, highest since July 2022, 40% higher compared to January 2024 (86 deals) and 111% increase y-o-y (57 deals in February 2023).
- ▶ February 2024 recorded seven large deals (deals over US\$100 million) aggregating US\$1 billion, an 82% decline compared to January 2024 (US\$5.7 billion in January 2024) and a 66% decline y-o-y in terms of value (US\$3 billion in February 2023). The spot for the largest deal in February was shared by two deals, the rights issue in Byju's of US\$200 million and the investment by NIIF of US\$200 million in iBus Network for a majority stake.
- ▶ Buyouts had the largest share in PE/VC investments in February 2024 with investments worth US\$735 million, compared to US\$1.9 billion in February 2023, a 62% y-o-y decline in value terms. Startup investments was the second largest, with US\$554 million across 65 deals in February 2024, compared to US\$723 million in February 2023 across 39 deals, a de-growth of 23% y-o-y. Private investments in public equity (PIPE) were recorded an investment of US\$553 million across 27 deals in February 2024 compared to US\$336 million in February 2023. Growth investments recorded US\$248 million across 13 deals in February 2024 compared to US\$222 million across four deals in February 2023. Credit deals recorded a 71% decline y-o-y in terms of value (US\$137 million in February 2024 vs. US\$472 million in February 2023) however a 100% growth in terms of number of deals (10 in February 2024 vs. five in February 2023).
- ▶ From a sector point of view, Infrastructure was the largest with investments of US\$412 million recorded in February 2024, followed by technology and financial services with US\$359 million and US\$253 million, respectively. In terms of the deal count, technology was the largest, with 17 deals followed by financial services (16 deals) and retail and consumer products (15 deals).

PE/VC monthly headline trends: investments

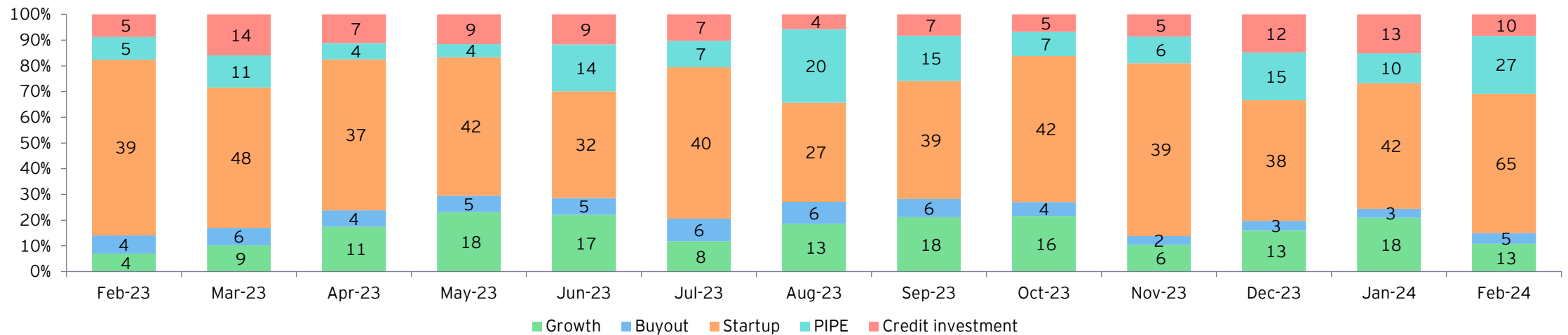


PE/VC monthly headline trends: investments

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

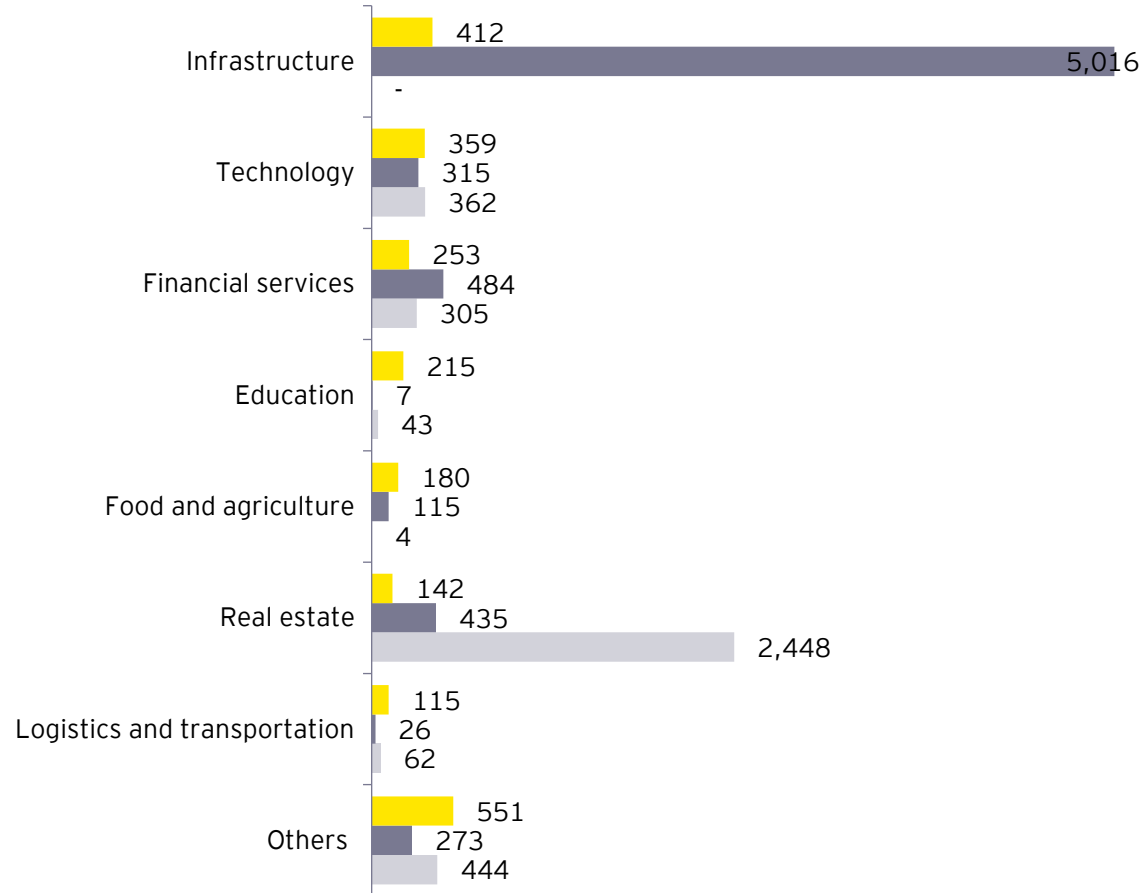


PE/VC investments: split across deal segments (number of deals)

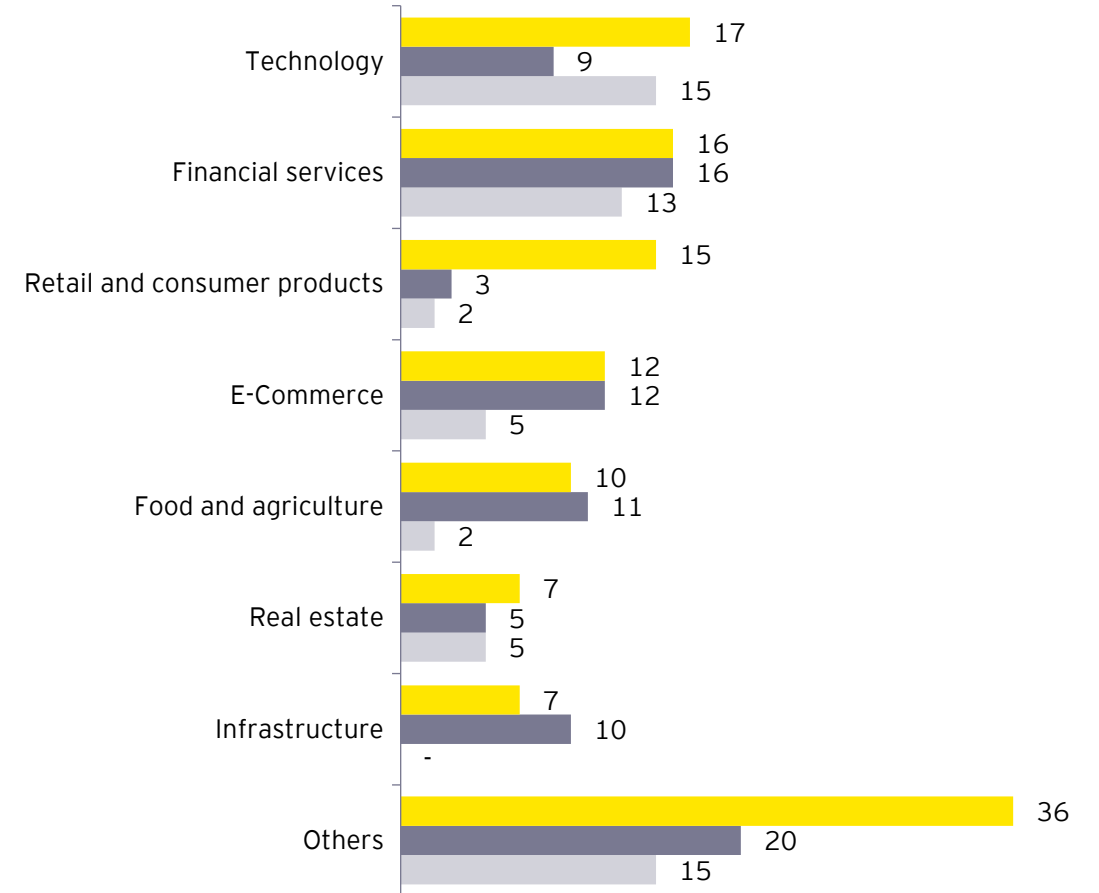


PE/VC investments: split by sector

Top sectors by value (US\$m)

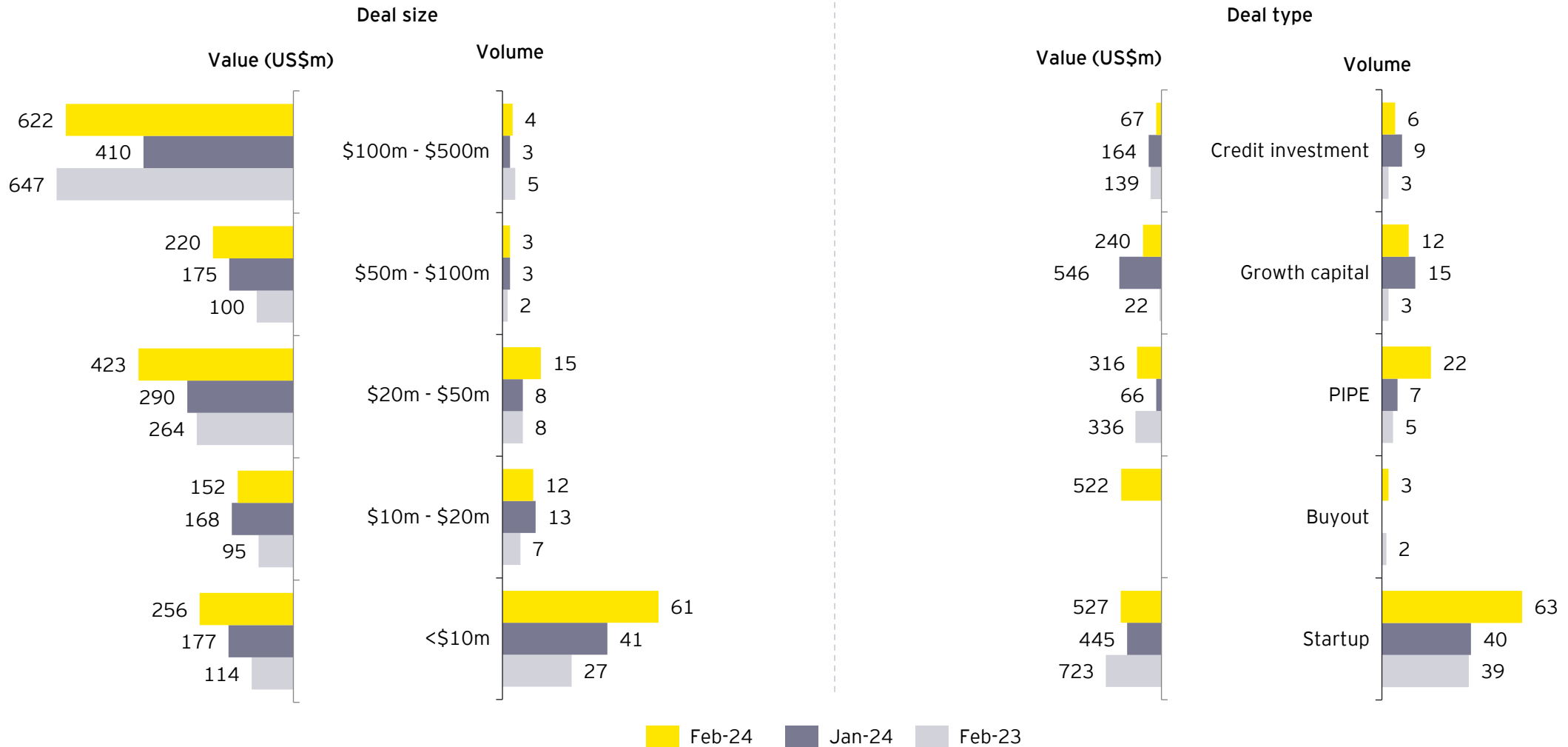


Top sectors by volume



Feb'24 Jan'24 Feb'23

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



* PIPE: Private investment in public equity

Note: Deal value not available on three deals in February 2023 and January 2024 and 11 deals in February 2024

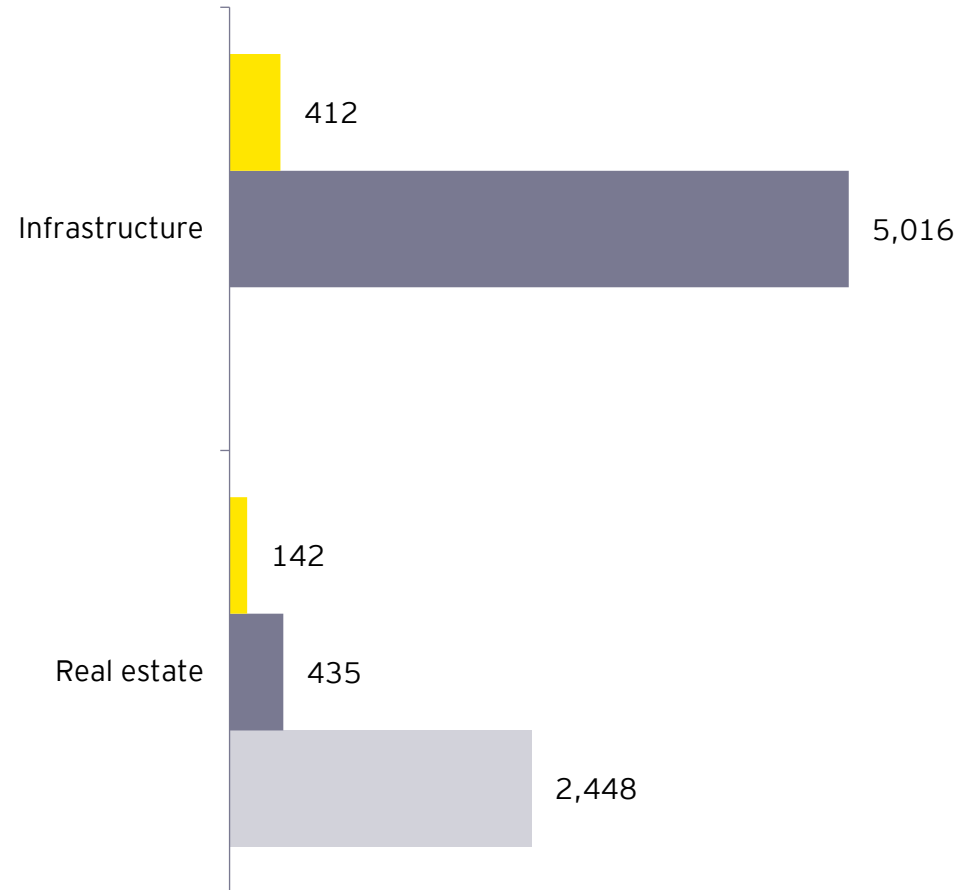
Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in February 2024

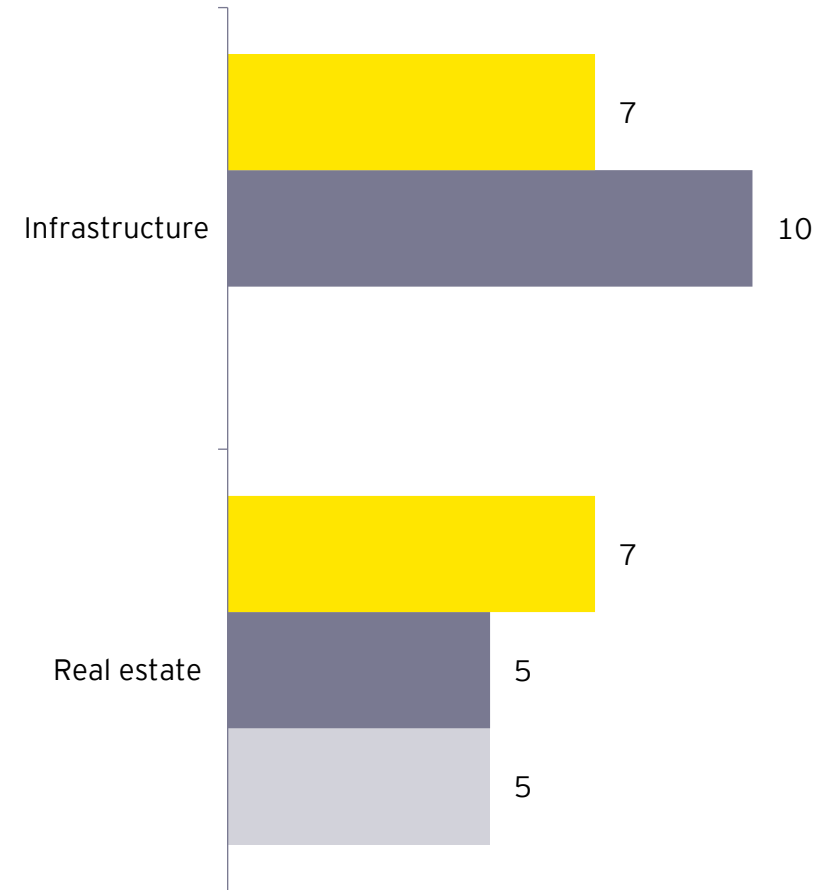
| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|---|---|------------------------------|---------|-------|-----------|
| Think and Learn Private Limited (Byju's) | Rights Issue | Education | Buyout | 200 | 91 |
| iBus Network and Infrastructure Private Limited | NIIF | Technology | Buyout | 200 | >50 |
| Agro Tech Foods Limited | Convergent Finance, Samara Capital | Food and agriculture | Buyout | 122 | 78 |
| Shadowfax Technologies Private Limited | NewQuest (TPG), Mirae Asset, IFC and others | Logistics and transportation | Startup | 100 | NA |
| Capillary Technologies India Private Limited | Avataar Venture Partners, 57Stars, Unigestion and others | Technology | Growth | 95 | NA |
| Data Patterns India Limited | GIC | Aerospace and defence | PIPE | 70 | 6 |
| IndoStar Capital Finance Limited | Brookfield and Florintree | Financial services | PIPE | 55 | 15 |
| Prudent Corporate Advisory Services Limited | Temasek | Financial services | PIPE | 49 | 8 |
| World of River Private Limited (River) | Al-Futtaim Group, Lowercarbon Capital, Toyota Ventures and others | Automotive | Startup | 40 | NA |
| SBL Energy Limited | India SME Investments and Synergy Capital | Industrial products | Growth | 39 | NA |

PE/VC investments in infrastructure and real estate sectors

Top sectors by value (US\$m)

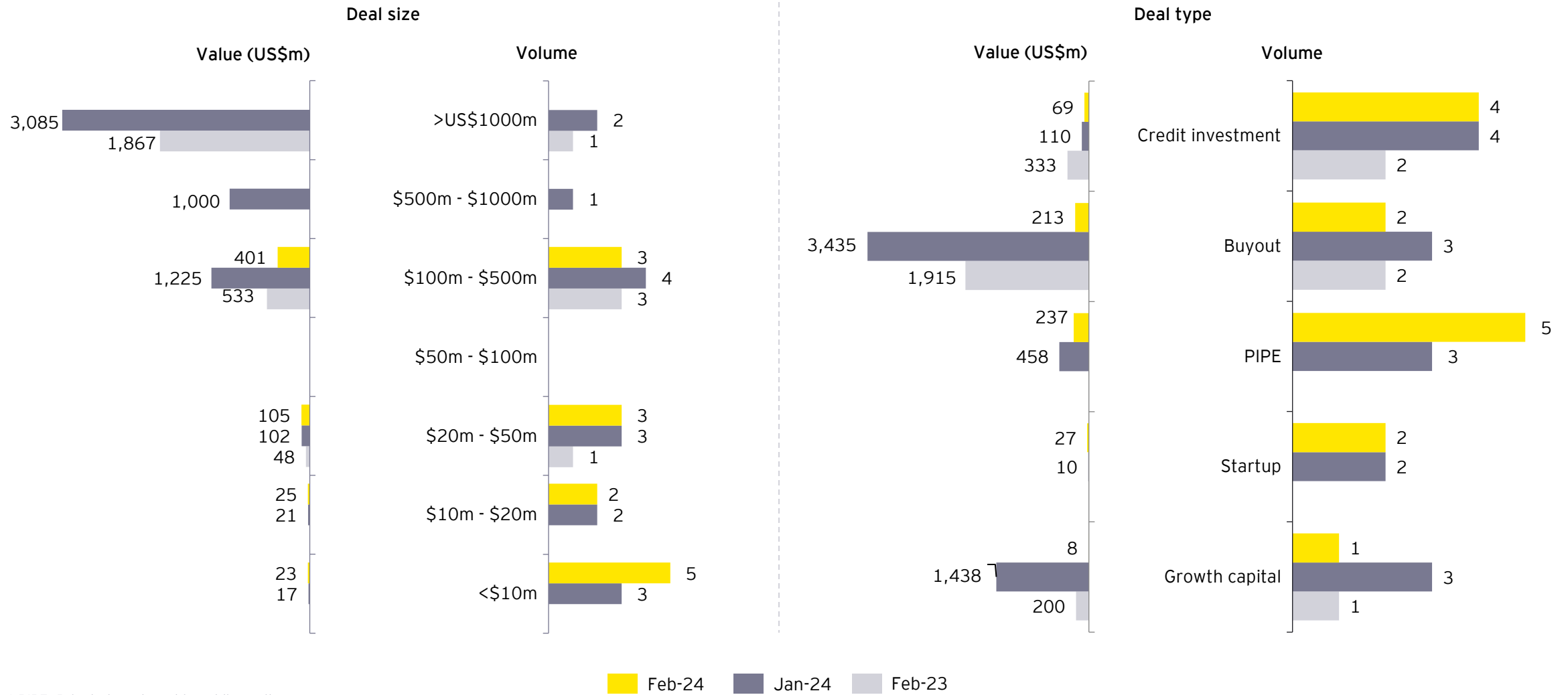


Top sectors by volume



Feb-24 Jan-24 Feb-23

PE/VC investments in infrastructure and real estate sectors



* PIPE: Private investment in public equity
 Note: Deal value not available for one deal in February 2024

Top infrastructure and real estate investments

Top infrastructure and real estate investments in February 2024

| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|---|---|----------------|-------------------|-------|-----------|
| Patel Infrastructure Limited, Four Hybrid Annuity Model Portfolio | Actis | Infrastructure | Buyout | 181 | 100 |
| Data Infrastructure Trust | GIC | Infrastructure | PIPE | 112 | 2 |
| Gensol Engineering Limited | Elara India, Aries, Tano Investment Opportunities Fund and others | Infrastructure | PIPE | 108 | 21 |
| M3M India Private Limited (Lavish Buildmart) | PAG Asia | Real estate | Credit investment | 48 | NA |
| 3 industrial facilities at OneHub Chennai | CapitaLand India Trust | Real estate | Buyout | 32 | 100 |

Key trends

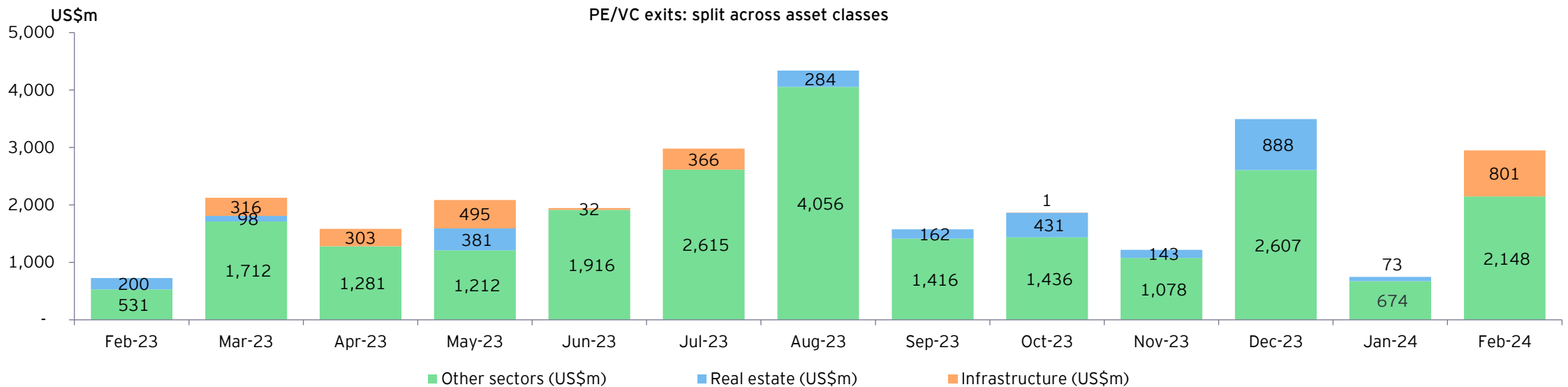
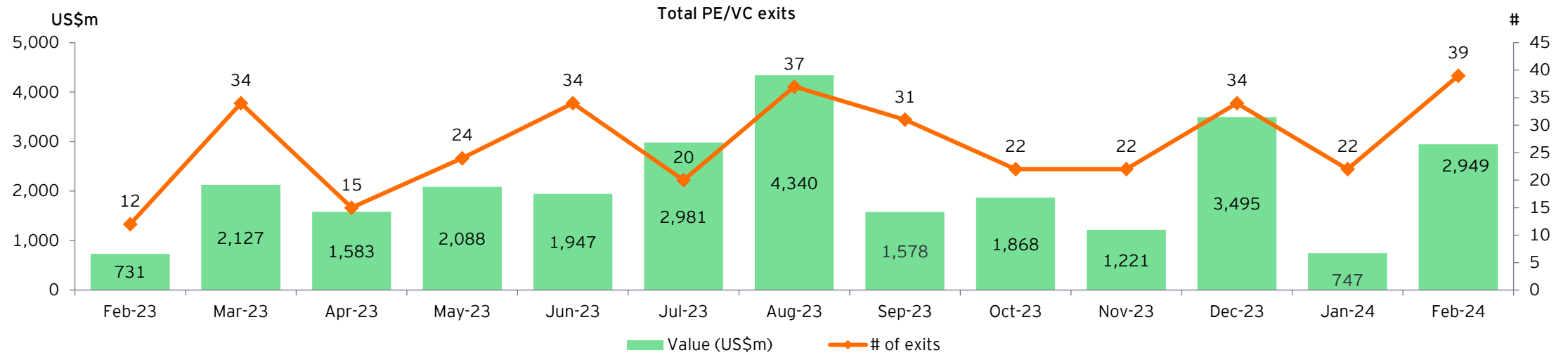


- ▶ February 2024 recorded 39 exits worth US\$2.9 billion, compared to US\$731 million in February 2023 across 12 deals.
- ▶ Open market exits were the highest in February 2024 at US\$2.8 billion across 25 deals, followed by five PE-backed IPOs at US\$132 million.
- ▶ The largest exit in February 2024 saw Brookfield exit from Data Infrastructure Trust for US\$801 million.

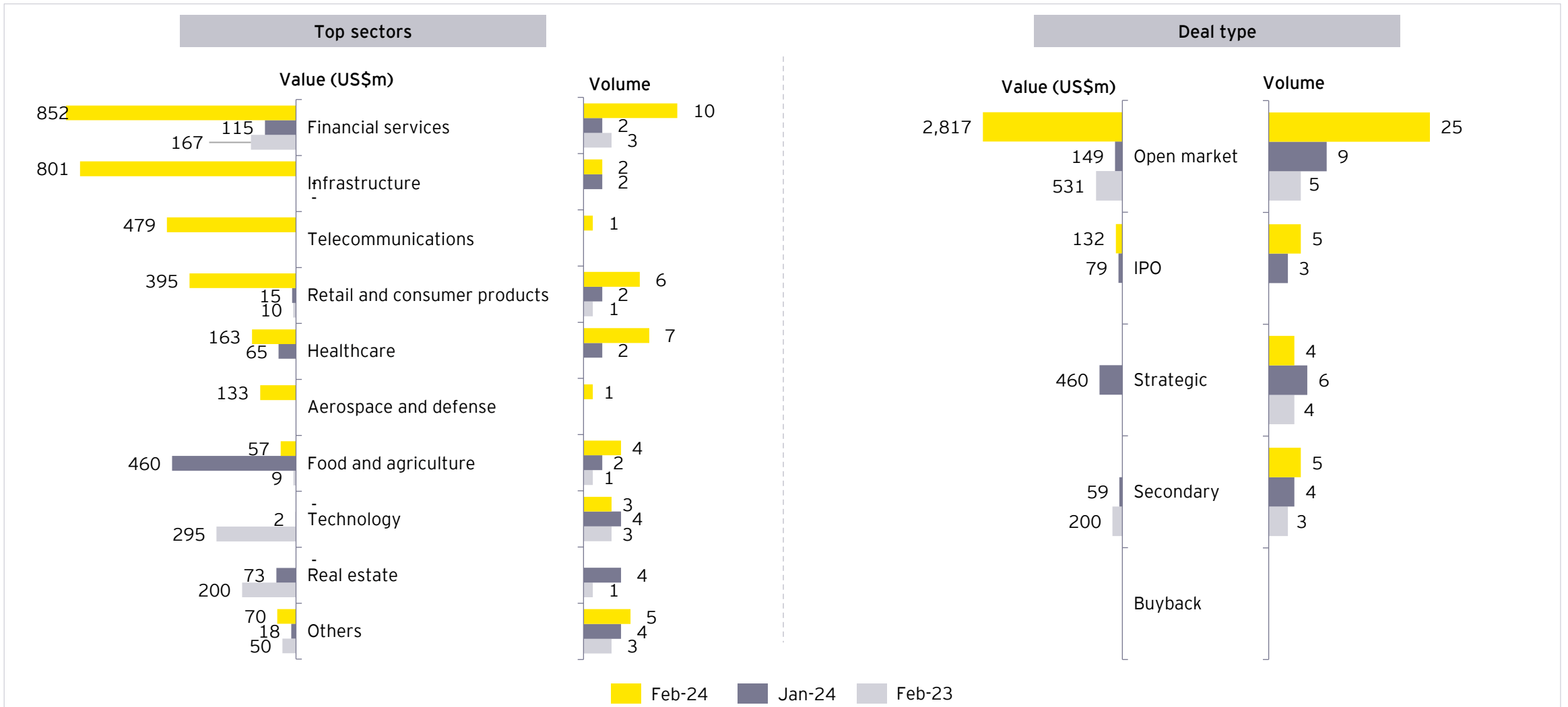


- ▶ February 2024 recorded total fundraise of US\$1.3 billion, compared to US\$1.1 billion raised in January 2024 and US\$869 million in February 2023.
- ▶ US\$1 billion signed by Goldman Sachs and Mubadala to invest in private credit opportunities throughout Asia-Pacific region, with a particular focus on India was the largest fundraise in February 2024.

PE/VC monthly headline trends: exits



PE/VC monthly headline trends: exits

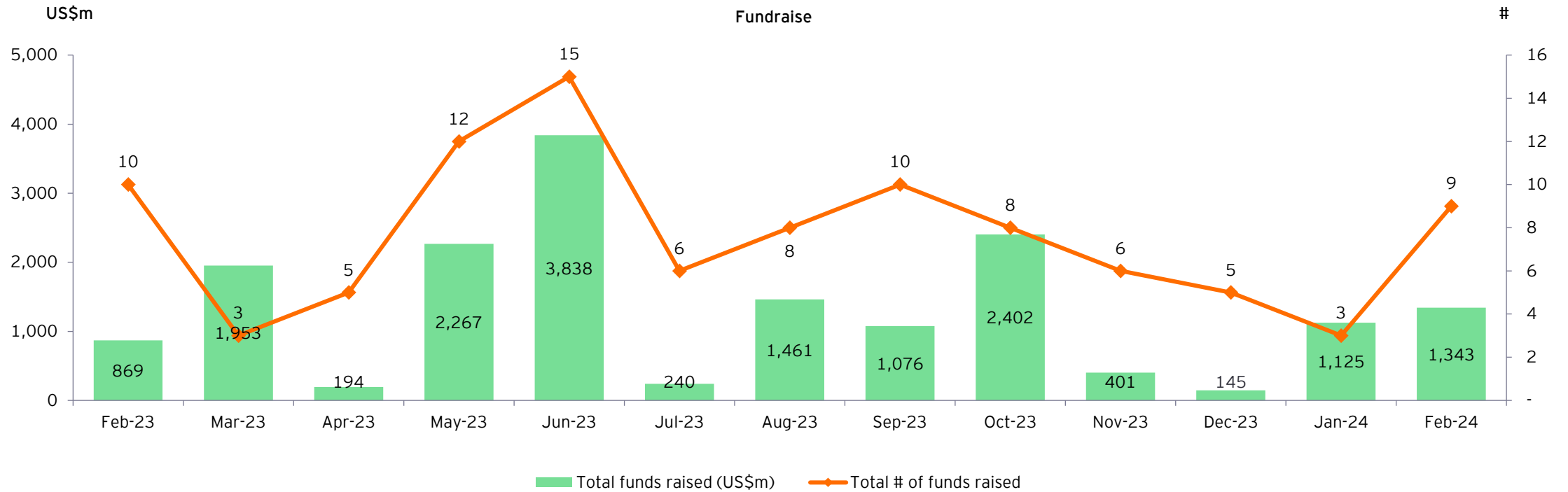


Top exits

Top exits in February 2024

| Company | Sector | Seller | Stage | US\$m | Stake (%) |
|--------------------------------------|------------------------------|---------------------|-------------|-------|-----------|
| Data Infrastructure Trust | Infrastructure | Brookfield | Open market | 801 | NA |
| Indus Towers Limited | Telecommunications | CPPIB, KKR | Open market | 479 | 7 |
| Kalyan Jewellers India Limited | Retail and consumer products | Warburg | Open market | 353 | 8 |
| PB Fintech Limited | Financial services | Temasek | Open market | 292 | 5 |
| CMS Info Systems Limited | Financial services | BPEA EQT | Open market | 187 | 27 |
| Data Patterns India Limited | Aerospace and defence | Florintree Advisors | Open market | 133 | 11 |
| Yes Bank Limited | Financial services | Carlyle | Open market | 127 | 1 |
| One97 Communications Private Limited | Financial services | Softbank | Open market | 125 | 2 |
| GPT Healthcare Limited | Healthcare | BanyanTree | IPO | 58 | 32 |
| Entero Healthcare Solutions Limited | Pharmaceuticals | OrbiMed | IPO | 58 | 9 |

PE/VC monthly headline trends: fundraise



Fundraise

Top fundraise in February 2024

| Status | Fund | PE/VC GP | US\$m | Strategy |
|-----------|---|-----------------|-------|---|
| Announced | Kedaara Fund 4 | Kedaara Capital | 1,700 | Banking, healthcare, consumer and software |
| Raised | Goldman Sachs and Mubadala Asia Pacific private credit fund | Goldman Sachs | 1,000 | Private credit |
| Announced | ChrysCapital Continuity Fund | ChrysCapital | 300 | National Stock Exchange (Capital Markets) |
| Raised | India Realty Excellence Fund VI | Motilal Oswal | 151 | Mid-income and affordable residential projects |
| Announced | Endiya Partners Fund 3 | Endiya Partners | 125 | Deeptech, health, software-as-a-service (SaaS), and artificial intelligence |

02

Spotlight:
PE-backed IPOs



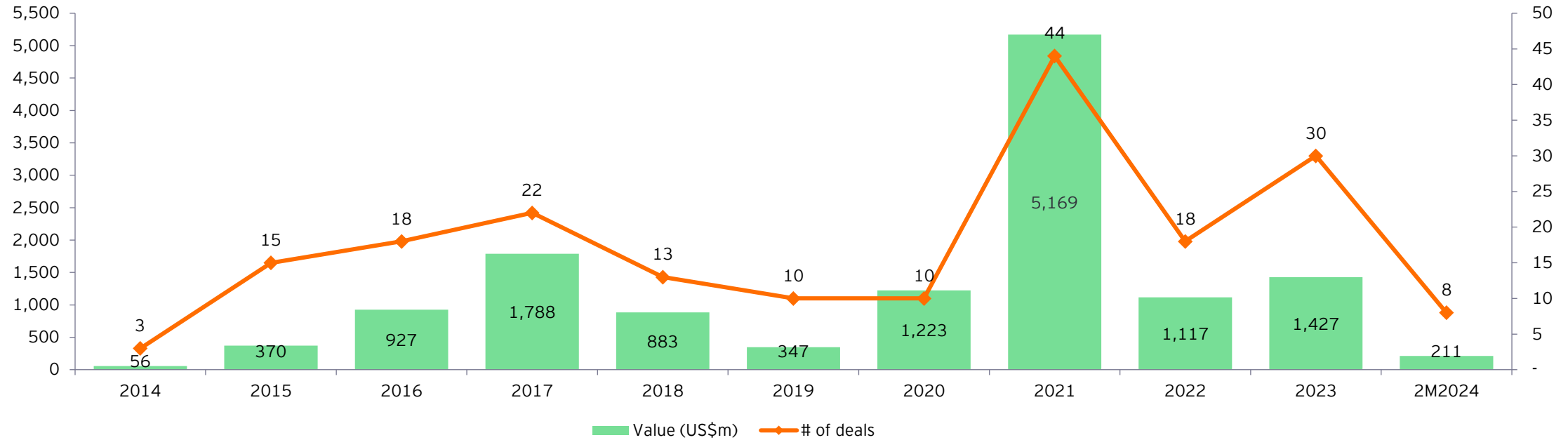
Spotlight: PE/VC backed IPOs

- ▶ The trend of PE/VC backed IPOs in India has gained momentum in recent years, reflecting the growing maturity and resilience of the Indian capital markets. The deepening of the capital markets and the premium it offers over private market transactions has created a promising exit route for PE/VC investors, with IPO's generating substantial returns for investors that came on the cap table in the earlier stages of the company's evolution.
- ▶ The landscape of PE/VC backed IPOs has experienced dynamic shifts over the past few years. The year 2021 was a pivotal year, wherein it recorded the highest ever number of PE/VC backed IPOs which resulted in exits at rich valuations to early PE/VC investors. However, the trajectory of PE/VC backed IPOs saw a notable decline in 2022 on account of sharp corrections in global equity markets amid rising inflation, interest rate hikes and geo-political conflicts. The year 2023 experienced a resurgence of sorts in India, marking the second highest number of PE backed IPOs (30 IPOs) as the buoyant Indian markets backed by a stable economy, strong domestic inflows and controlled inflation, seemed to perform better than their peers in other markets.
- ▶ Over the last five years, PE/VC backed IPO exits have realized US\$9.3 billion for PE/VC investors across 112 IPOs. PE/VC backed IPO's began to surge post COVID, and the last three years saw investors book exits worth US\$7.7 billion from 92 IPOs.
- ▶ In terms of sectors, Financial services recorded the highest number of PE/VC backed IPOs over the last five years, followed by industrial products. Technology secured the third rank, while real estate and retail and consumer products both secured the fourth rank. These sectors collectively accounted for 58% of total PE-backed IPOs since 2019.
- ▶ Overall, the rise of PE/VC backed IPOs in India reflects the positive evolution of the country's capital markets. With a robust economy, and favorable demographics, India continues to attract attention from private equity investors seeking growth opportunities. As the Indian capital markets continue to evolve and mature, the trend of PE/VC backed IPOs is expected to remain a prominent feature.

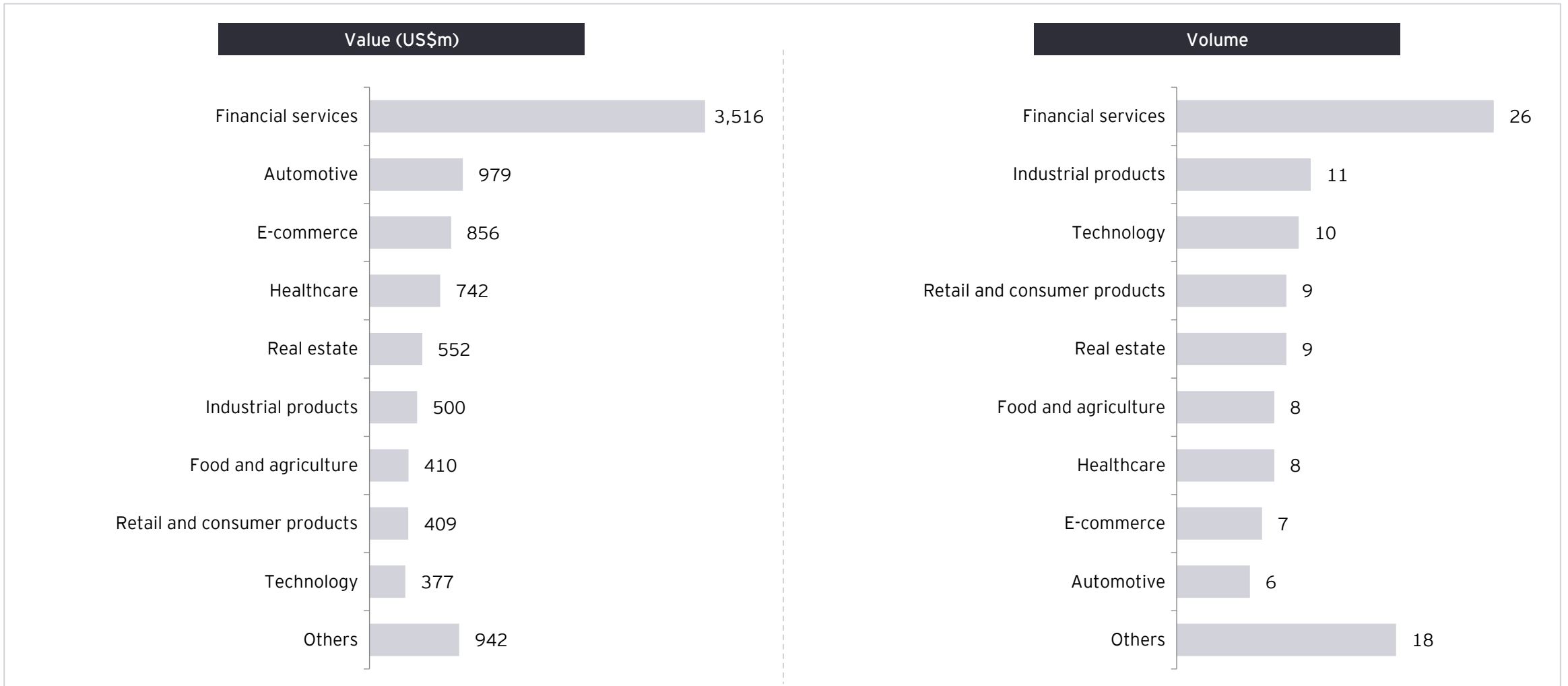


Spotlight: PE/VC backed IPOs

Trend in PE/VC backed IPO exits



Spotlight: Exits via PE/VC backed IPOs (2019 - 2023)



Spotlight: PE/VC backed IPOs (2019 - 2023)

Largest PE/VC backed IPOs by issue size

| Company | Sector | Listing date | Issue size (US\$m) |
|--|------------------------------|--------------|--------------------|
| One 97 Communications Limited (PayTM) | Financial services | 18-Nov-21 | 2,205 |
| SBI Cards and Payments Services Limited | Financial services | 16-Mar-20 | 1,248 |
| Zomato Limited | E-commerce | 23-Jul-21 | 1,130 |
| Star Health and Allied Insurance Company Limited | Financial services | 10-Dec-21 | 873 |
| PB Fintech Limited (Policybazaar) | Financial services | 15-Nov-21 | 678 |
| Sona BLW Precision Forgings Limited | Automotive | 24-Jun-21 | 669 |
| FSN E-Commerce Ventures Limited (Nykaa) | E-commerce | 10-Nov-21 | 645 |
| Delhivery Limited | Logistics and transportation | 24-May-22 | 631 |
| Nuvoco Vistas Corporation Limited | Cement and building products | 23-Aug-21 | 602 |
| Embassy Office Parks REIT | Real estate | 01-Apr-19 | 572 |

Exchange rate 1US\$ = 83INR

Spotlight: PE backed IPOs (2019 - 2023)

Top exits during IPOs by PE funds (OFS)

| Company | Sector | PE Fund | Listing date | Exit value (US\$m) |
|--|--------------------|---|--------------|--------------------|
| SBI Cards and Payments Services Limited | Financial services | Carlyle | 16-Mar-20 | 1,000 |
| Sona BLW Precision Forgings Limited | Automotive | Blackstone | 24-Jun-21 | 719 |
| One 97 Communications Limited (PayTM) | Financial services | Elevation Capital, Softbank | 18-Nov-21 | 499 |
| Star Health and Allied Insurance Company Limited | Financial services | WestBridge, Madison Capital, Apis Growth, ROC Capital | 10-Dec-21 | 481 |
| CarTrade Tech Limited | E-Commerce | JP Morgan, Temasek, Warburg Pincus, March Capital | 20-Aug-21 | 378 |
| Aptus Value Housing Finance India Limited | Financial services | Westbridge, Granite Hill, Madison Capital | 24-Aug-21 | 294 |
| Data Infrastructure Trust | Real estate | Brookfield | 01-Sep-20 | 284 |
| PB Fintech Limited (Policybazaar) | Financial services | Softbank | 15-Nov-21 | 252 |
| Five Star Business Finance Limited | Financial services | Sequoia, Matrix, Norwest, TPG | 21-Nov-22 | 242 |
| Vijaya Diagnostics Center Limited | Healthcare | Kedaara Capital | 14-Sep-21 | 221 |

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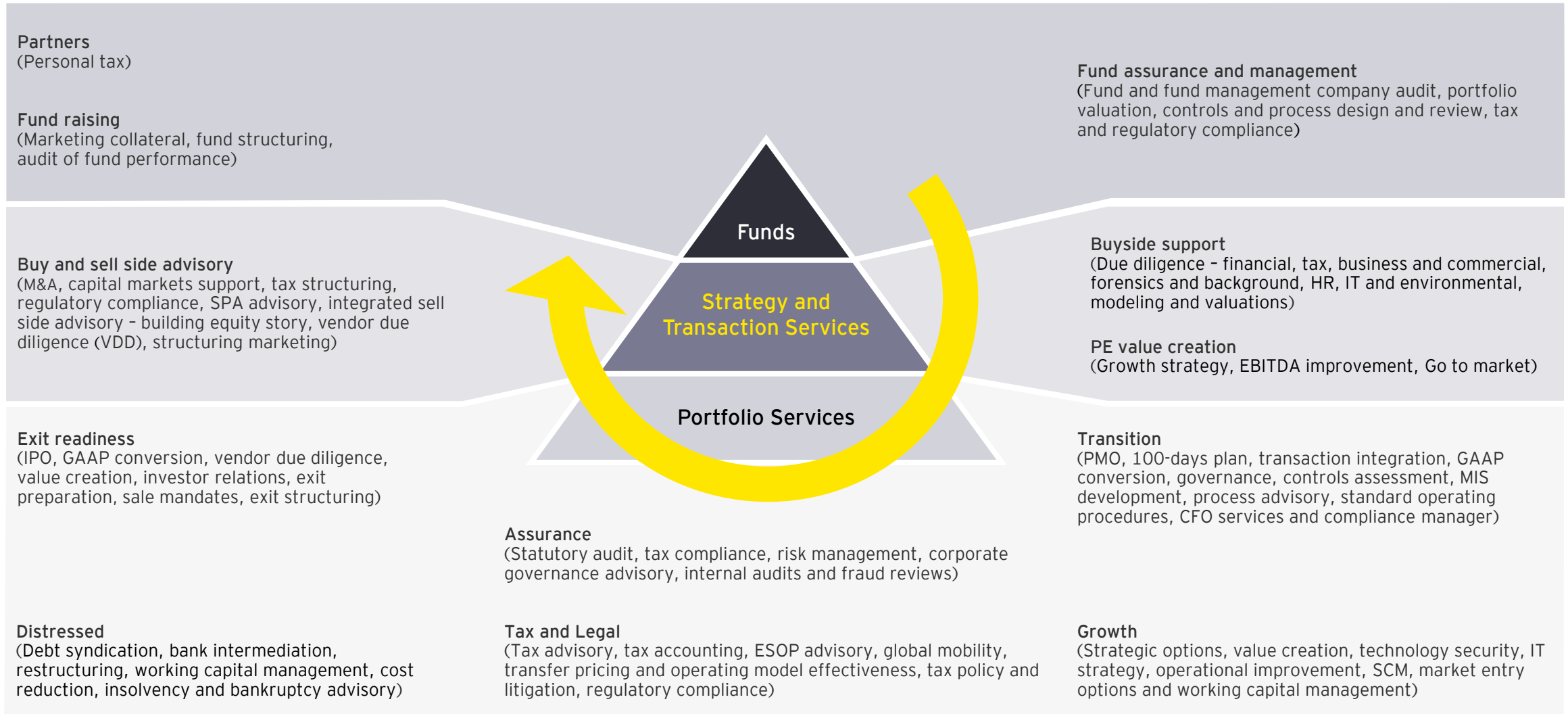
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