

In today's frenetic world, how does private equity set the pace?

Learn how EY helps private equity
professionals thrive in the Transformative
Age

The IVCA-EY monthly PE/VC roundup -
January 2020



The better the question. The better the answer.
The better the world works.



Building a better
working world

Our thoughts

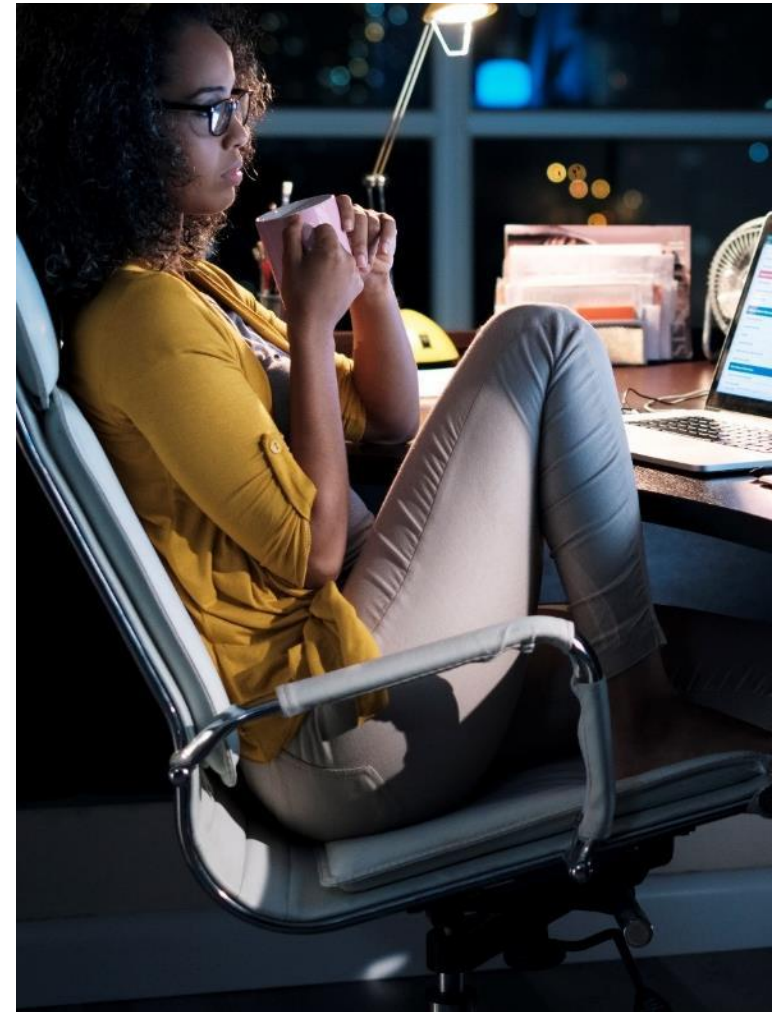
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After a record setting 2019, PE/VC investments in 2020 are off to a good start with investments worth US\$2.5 billion recorded in January 2020, a growth of 34% y-o-y. As projected by us, infrastructure sector continues to play a big role in this growth, accounting for 36% of all PE/VC investments during the month.

Credit investments are also a fast-emerging asset class for PE/VC as seasoned investors cherry pick stressed opportunities thrown up by companies that need support to prevent going into NCLT¹. With a more enabling regulatory and policy framework in place, credit investments are off to a good start in January 2020.

Globally, credit/stressed asset or special situation investing forms an important part of the multi-asset class strategy followed by large funds. We expect this asset class to increase significantly in value in 2020 as the PE/VC industry gears up to play a meaningful role in helping resolve part of India's stressed asset problem by providing much-needed risk capital.

1 NCLT: National Company Law Tribunal



How can you cut cost and still accelerate growth?

Find out how EY's insights can help companies grow from cash poor to cash rich

Monthly trend analysis - January 2020



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Key trends: monthly

Investments

- ▶ PE/VC investments in January 2020 (US\$2.5 billion) were 34% higher than the value recorded in January 2019 (US\$1.9 billion) and 41% lower compared to December 2019 (US\$4.3 billion). In terms of volume, number of deals in January 2020 were at par with January 2019.
- ▶ The improved performance in January 2020 is primarily on the back of increase in the value of credit investments. Credit investments increased more than 20 times in January 2020 to US\$698 million. This is also the highest value of PE/VC backed credit investments in a month in over two years.
- ▶ In terms of deal type, in January 2020, growth capital deals were the highest in value with US\$968 million recorded across 13 deals (at par with US\$976 million in January 2019). January 2020 recorded start-up investments worth US\$533 million across 54 deals, 55% higher y-o-y (US\$345 million) and PIPE investments worth US\$232 million (US\$3 million in January 2019). Buyouts recorded the lowest value of investments at US\$71 million across three deals compared to US\$504 million across four deals in January 2019.
- ▶ There were five large deals (value greater than US\$100m) worth US\$1.4 billion in January 2020 compared to four deals worth US\$1.1 billion last year. The largest deal announced in January saw Goldman Sachs and Varde Partners take over the debt of RattanIndia Power Limited for US\$566 million followed by Canada Pension Plan Investment Board (CPPIB), Allianz Capital Partners and Ontario Municipal Employees Retirement System's (OMERS') US\$246 million investment in IndInfravit Trust.
- ▶ From a sector point of view, infrastructure sector (US\$898 million across five deals) was the top sector in January 2020, followed by financial services (US\$531 million across 14 deals) and e-commerce (US\$264 million across nine deals).

Key trends: monthly

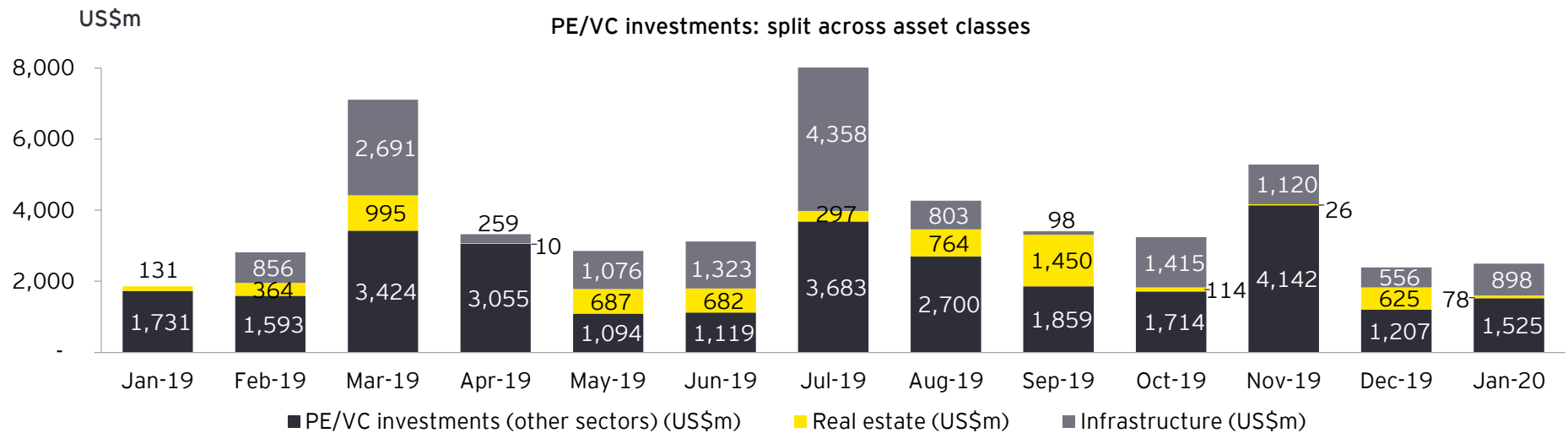
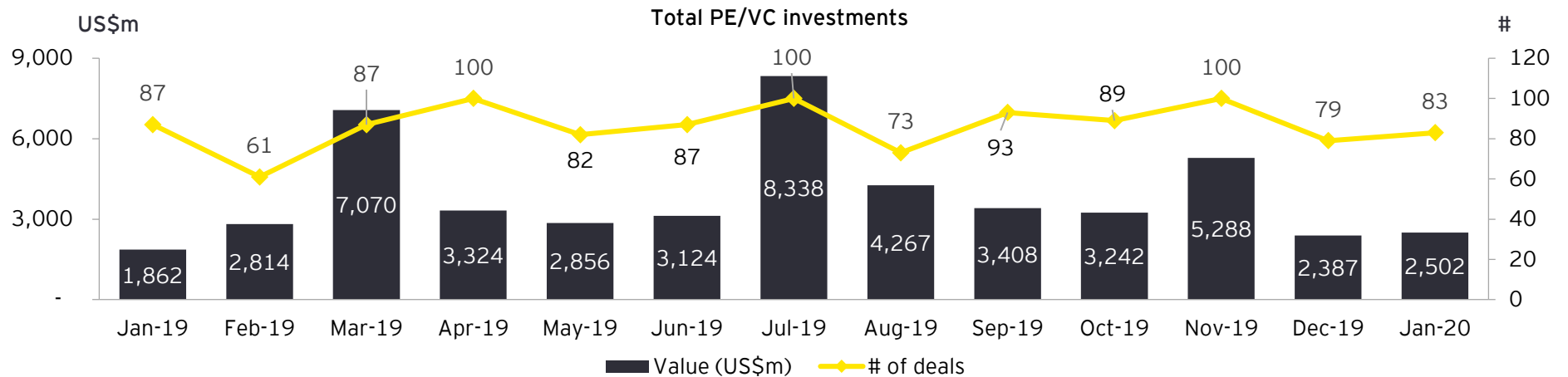
Exits

- ▶ January 2020 recorded 12 exits worth US\$461 million, 39% higher than the value of exits recorded in January 2019 (US\$331 million) but 47% lower than December 2019 (US\$864 million).
- ▶ The largest exit in January 2020 saw Nexus India Capital Advisors, Jungle Ventures and Naspers sell their combined stake in Paysense Services India Private Limited to PayU Corporate for US\$293 million.
- ▶ In January 2020, strategic exits were highest at US\$293 million across two deals, accounting for 63% of total exits by value and the highest monthly value of strategic exits in over six months. These were followed by open market exits that recorded exits worth US\$144 million across six deals.
- ▶ Financial services sector (US\$328 million across four deals) was the top sector in January 2020, accounting for 71% of all exits by value.

Fund raise

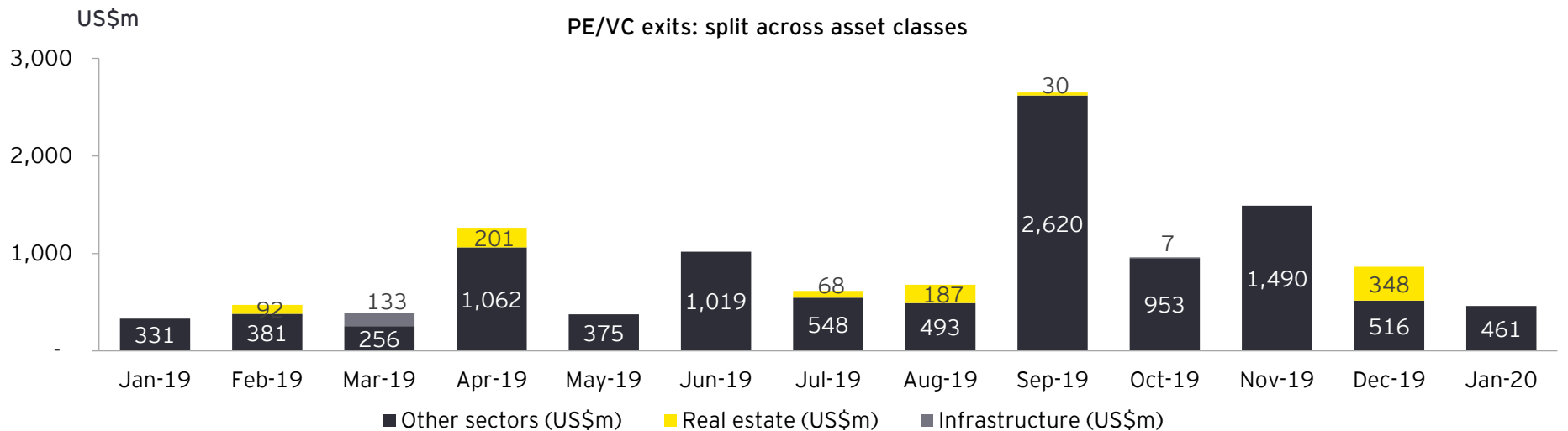
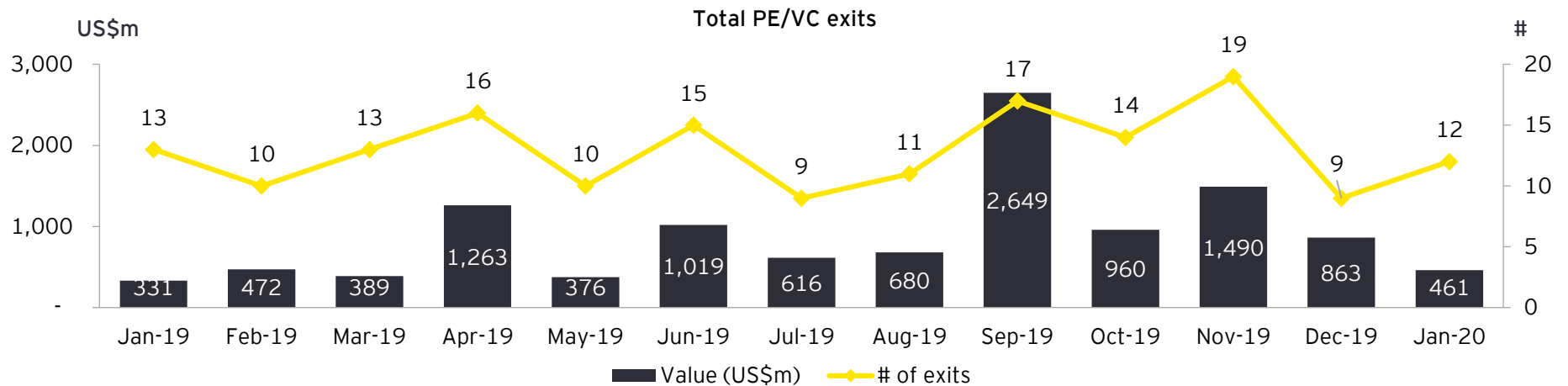
- ▶ January 2020 recorded total fund raises of US\$742 million compared to US\$2.5 billion raised in January 2019, which had seen the large US\$1.3 billion stressed asset fund being raised by Edelweiss' alternative investment arm. The largest fund raise in January 2020 saw EQT and Temasek fund a US\$500 million JV, O2 Power, to invest in renewable energy projects. January 2020 also saw fund raise plans worth US\$4.1 billion being announced compared to US\$200 million last year.

PE/VC monthly headline trends: investments



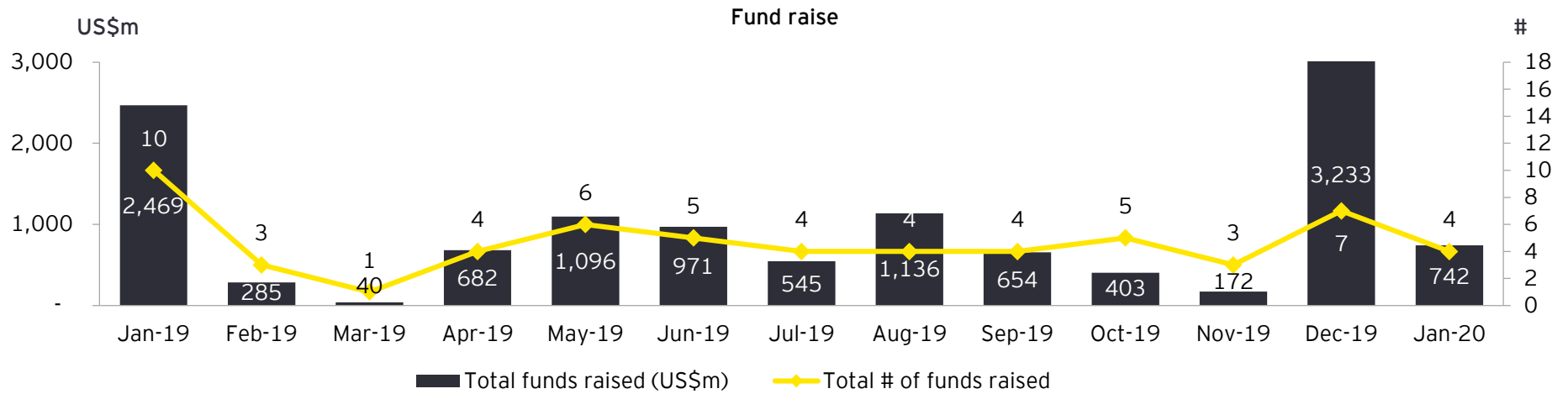
Note: Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

PE/VC monthly headline trends: exits



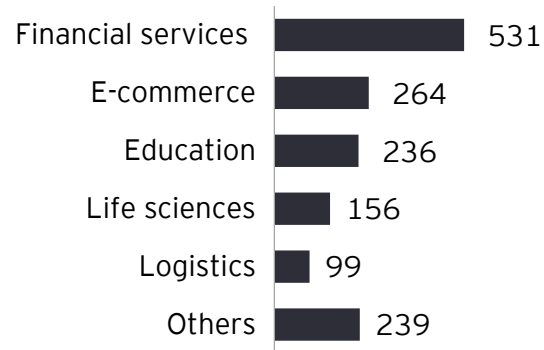
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PE/VC monthly headline trends: fund raise

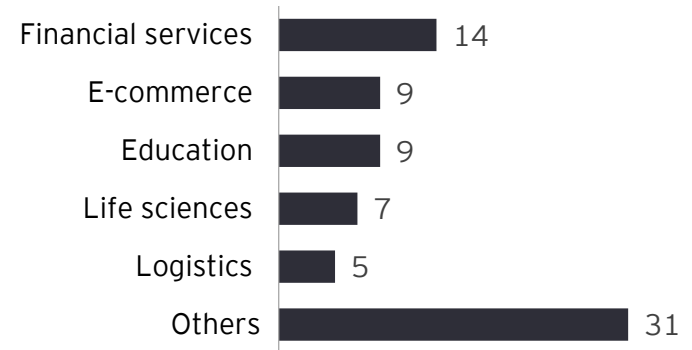


PE/VC investments: US\$1,525 million over 75 deals (excluding infrastructure and real estate investments)

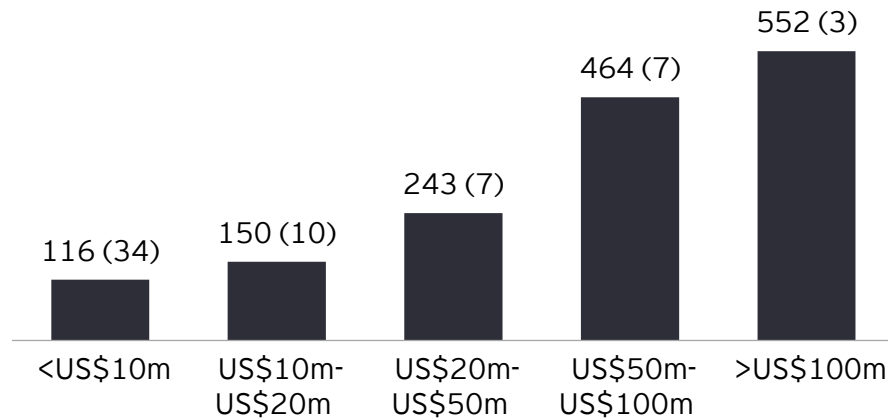
Top sectors by value US\$m



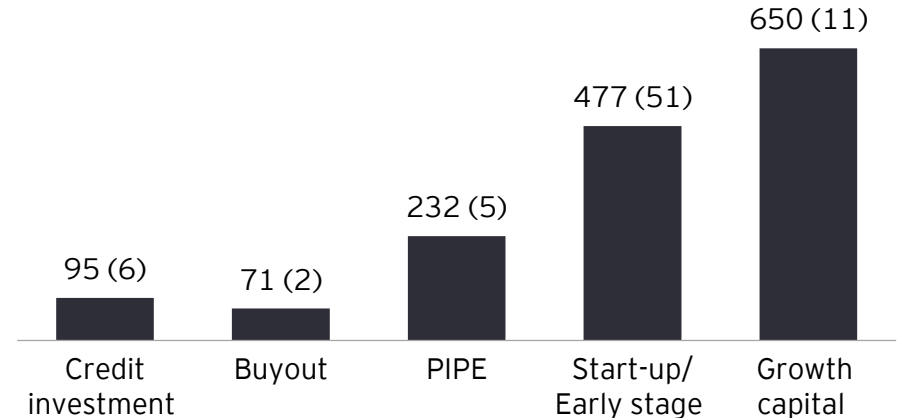
Top sectors by volume



Deal value US\$m (volume)

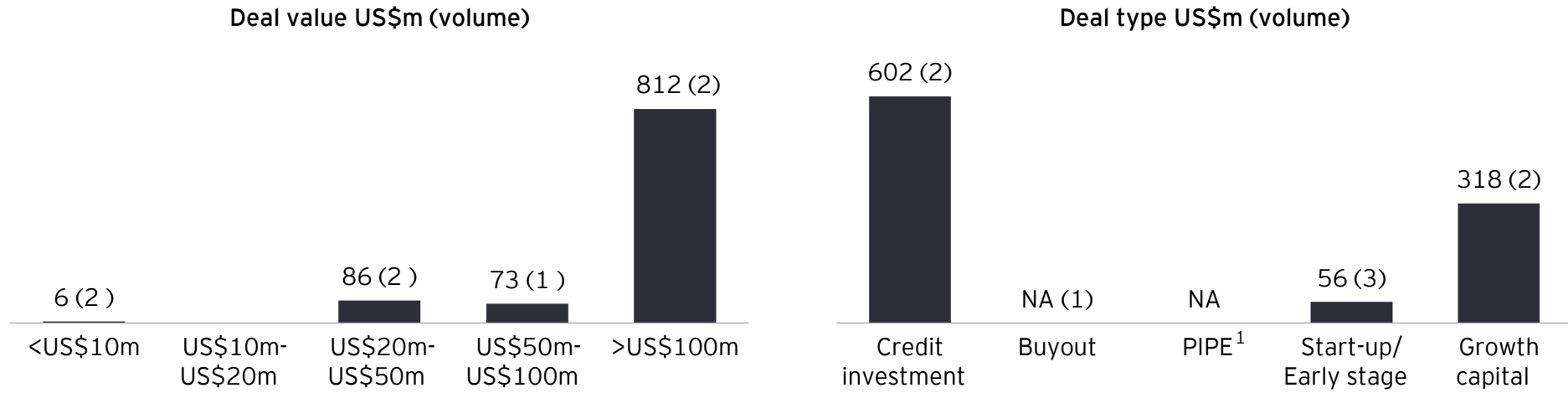


Deal type US\$m (volume)



Note: Deal value was not disclosed on 14 out of 75 deals in January 2020
PIPE: private investment in public equity

Infrastructure and real estate investments: US\$976 million over eight deals



¹ PIPE: private investment in public equity
 Note: 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

Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in January 2020

Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
IndoStar Capital Finance Limited	Brookfield and others	Financial Services	PIPE	202	40
Think and Learn Private Limited (BYJUs)	Tiger Global Management	Education	Growth capital	200	NA
Zomato Media Private Limited	Alibaba Group	E-commerce	Growth capital	150	NA
Go Digit General Insurance Limited	TVS Capital, Faering Capital and A91 Partners	Financial services	Start-up	84	NA
Biocon Biologics India Limited	True North	Pharmaceuticals	Growth capital	75	2

Top infrastructure and real estate investments

Top infrastructure and real estate investments in January 2020

Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
RattanIndia Power Limited	Goldman Sachs, Varde Partners	Infrastructure	Credit investment	566	NA
IndInfravit Trust	CPPIB, Allianz Capital Partners, OMERS Infrastructure Management	Infrastructure	Growth capital	246	24
Nine residential projects	Motilal Oswal Real Estate	Real estate	Growth capital	73	NA
Ampsolar India Private Limited	LGT Lightstone Aspada	Infrastructure	Start-up	50	NA

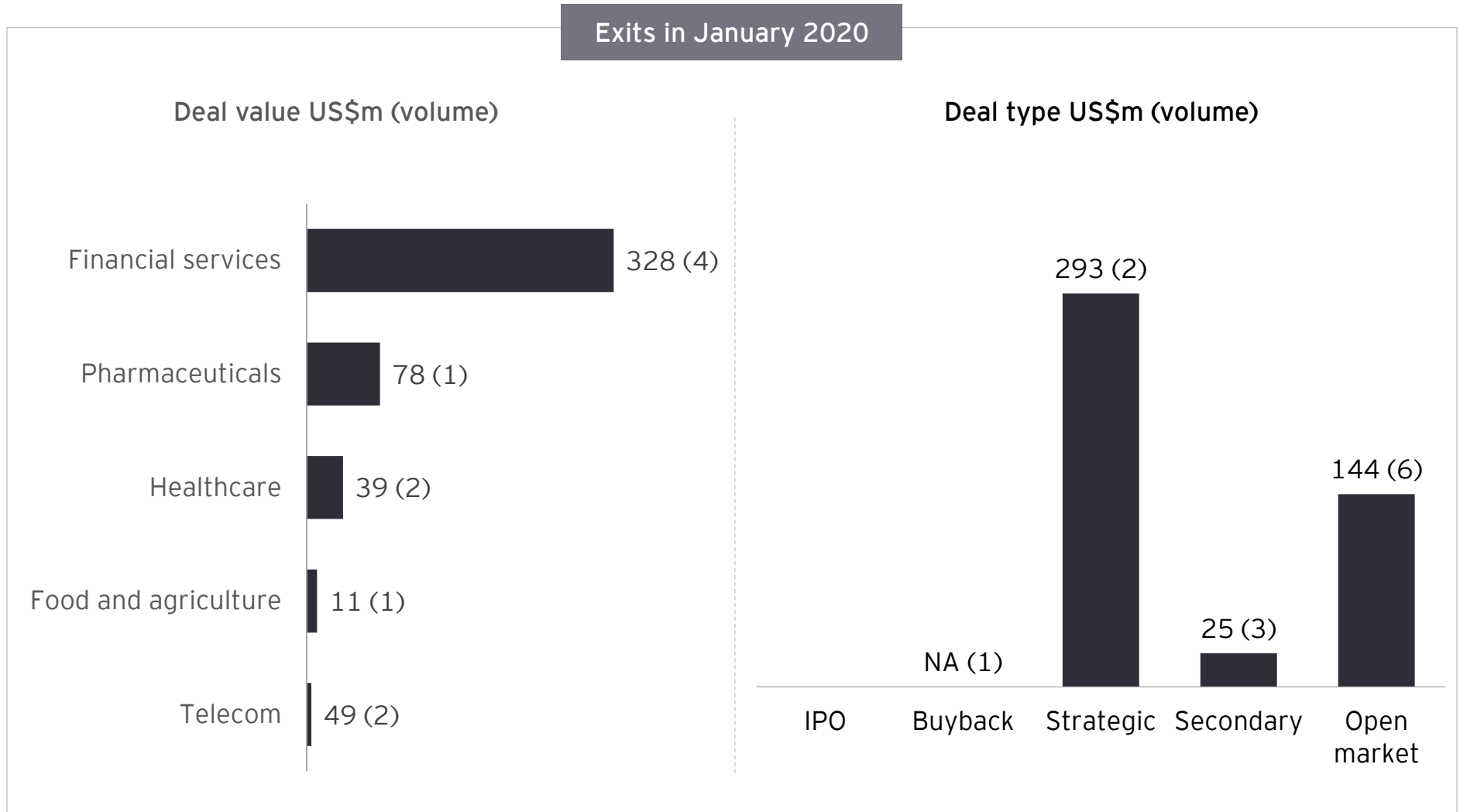
Note: Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

Top exits

Top exits in January 2020

Company/project	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Paysense Services India Private Limited	Financial services	Nexus India Capital Advisors, Jungle Ventures, Naspers	PayU Corporate	Strategic	293	NA
IPCA Labs	Pharmaceuticals	ChrysCapital	NA	Open market	78	4
Narayana Hrudayalaya Private Limited	Healthcare	CDC Group	NA	Open market	39	4
ETechAces Marketing and Consulting Private Limited (PolicyBazaar)	Financial services	Inventus Capital Partners	Family offices, PE firms, and FII's	Secondary	25	2

Exits: US\$461 million across 12 deals in January 2020



Fund raise

Top fund raises/announcements in January 2020

Status	Fund	US\$m	Strategy
Raised	O2 Power (EQT, Temasek JV)	500	Renewable energy
Announced	SBI distressed asset fund	2,000	Distressed assets
Announced	Sequoia Capital	1,300	Early, growth stage
Announced	Pallonji realty arm, ADIA (warehousing investment platform)	600	Warehousing

A hand is shown pointing at a tablet device. The tablet screen displays a complex, colorful data visualization with various lines and shapes in shades of blue, green, and purple. The background is dark with some blurred light patterns.

About EY Private Equity Services

About EY's Private Equity Services Practice

EY has been working with the private equity industry for more than 25 years, with approximately 25,000 seasoned professionals worldwide dedicated to the industry and its business issues. EY serves 74% of the top 300 PE firms included in the Global PEI 300 firms list. Private equity firms, portfolio companies and investment funds face complex challenges. They are under pressure to deploy capital amid geopolitical uncertainty, increased competition, higher valuations and rising stakeholder expectations. Successful deals depend on the ability to move faster, drive rapid and strategic growth and create greater value throughout the transaction life cycle. EY taps its global network to help source deal opportunities and combines deep sector insights with the proven, innovative strategies that have guided the world's fastest growing companies.

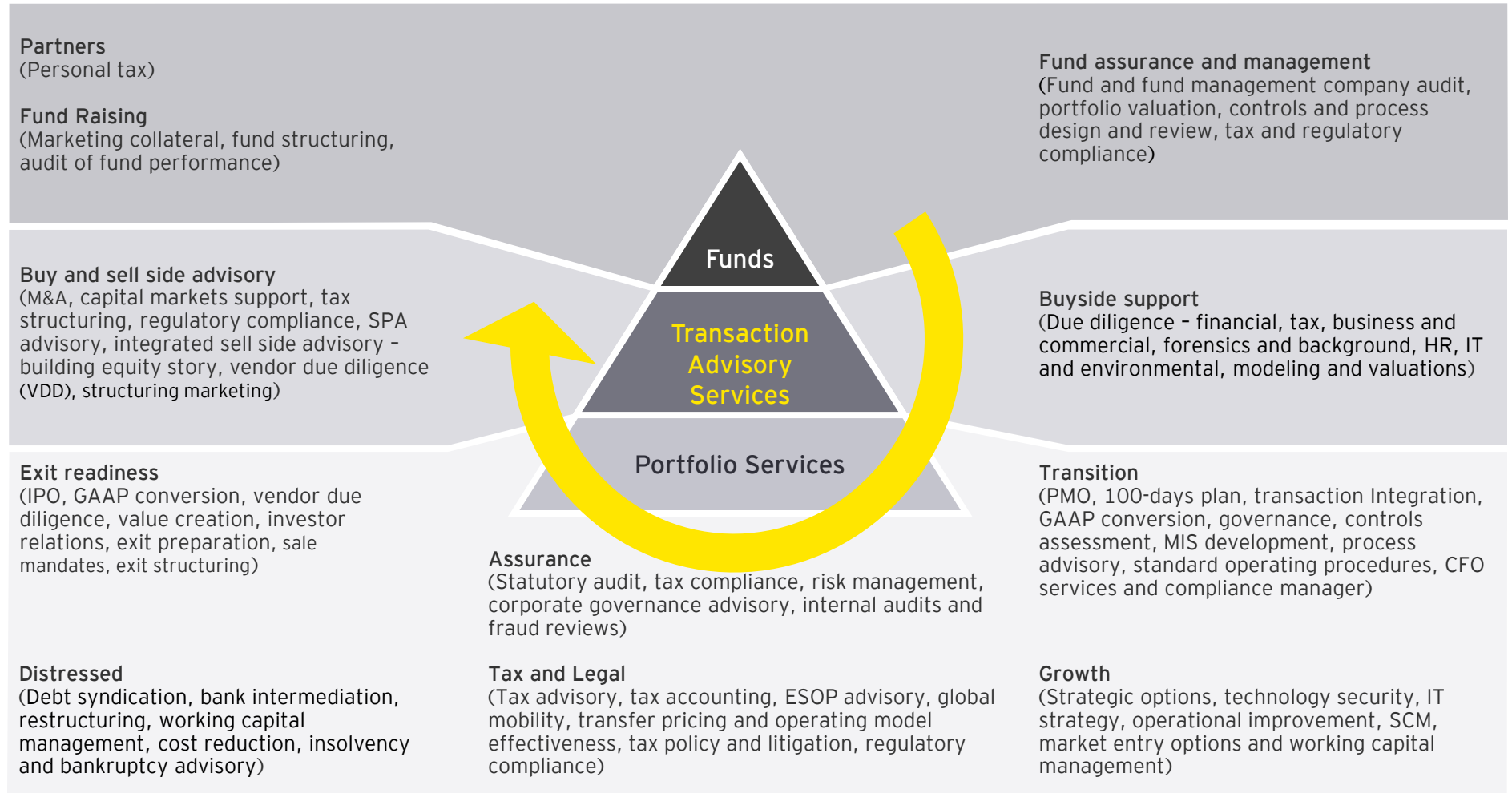
In India, EY is among the leading providers of advisory, tax, transactions and assurance services. The organization is also the number one professional services brand* in India, which is a testimony to our relentless commitment to deliver exceptional client service and create a better working world. EY has offices spread across 11 cities in India. Worldwide, our 270,000 people across 150+ countries and 700+ cities are united by our shared values and their unwavering commitment to quality.

- ▶ EY's India Private Equity Services Practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012 and 2017 and for M&A in 2018. EY was also the top PE advisor in the Venture Intelligence league table in 2018.
- ▶ EY's India Private Equity Services Practice provides value to PE funds and their portfolio companies through its deep sector and service expertise. EY India is organized around key industry verticals in a matrix structure that enables us to offer an unparalleled blend of industry expertise and functional skills. We actively track about 15 sectors with sector leads driving our penetration in each of those sectors.



EY services for Private Equity

We offer an array of services to Private Equity funds and their portfolio/investee companies through our various service lines.



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About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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An aerial photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright lens flare and casting a golden glow over the scene. In the foreground, a multi-lane highway with traffic flows from the bottom towards the city. To the right of the highway is a baseball field with a green field and a brown infield. The city skyline in the background features numerous skyscrapers, including the Freedom Tower. A body of water is visible on the left side of the image. A dark grey semi-transparent banner is overlaid on the left side of the image, containing the text 'About IVCA'.

About IVCA

IVCA

About IVCA

The Indian Private Equity & Venture Capital Association (IVCA), is the apex body promoting the Alternative Investment Funds (AIFs) in India and promotes stable, long-term capital flow (Private Equity (PE), Venture Capital (VC) and Angel Capital) in India.

With leading VC/ PE firms, institutional investors, banks, corporate advisers, accountants, lawyers and other service providers as members, it serves as a powerful platform for all stakeholders to interact with each other. Being the face of the Industry, it helps establish high standards of governance, ethics, business conduct and professional competence.

With a prime motive to support the ecosystem, it facilitates contact with policy makers, research institutions, universities, trade associations and other relevant organizations. Thus support entrepreneurial activity, innovation and job creation.

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