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IVCA-EY PE/VC Roundup

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Foreword and outlook



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“ January 2023 recorded US\$4.2 billion in PE/VC investments, 9% lower than the investments in January 2022 but 31% higher than December 2022. While there has been some improvement in the month-on-month investment rate, there is still a lot of uncertainty making it difficult to call out any shift in PE/VC investment trends just yet.

“ By deal type, growth investments were the highest in terms of value in January 2023 at US\$2.5 billion across 13 deals compared to US\$814 million invested across 18 deals in January 2022. From a sector point of view, real estate was the top sector in January 2023, driven by one large investment announced in the data center space of US\$2 billion by NIIF and AGP.

“ Pureplay PE/VC investments declined by 53% in terms of value and 45% in terms of volume on a y-o-y basis. This fall was partially offset by an increase in investments in the real estate asset class that recorded almost a nine-fold increase in investments.

“ Exits recorded growth both on a y-o-y and sequential basis of 165% and 2%, respectively. January 2023 also recorded two PE-backed IPOs.

“ While 2023 has got off to a decent start, the deal momentum continues to remain circumspect as PE/VC funds steer away from making large deals and large deals in the buyout strategy remains absent given the valuation mismatch between investors and sellers. As the interest rate environment continues to tighten, the pressure on startup and growth investments in the technology and e-commerce sectors is expected to continue. Yield generating assets in the real estate and infrastructure sectors that provide inflation hedged cashflows continue to attract investments from PE funds, SWF's and Pension funds. Rising global recession concerns and increasing cost of capital are turning out to be major impediments to the global investor sentiment that is curtailing the flow of liquidity despite the high levels of dry powder, both with the domestic and global funds.



Agenda

1

Monthly trend analysis: January 2023

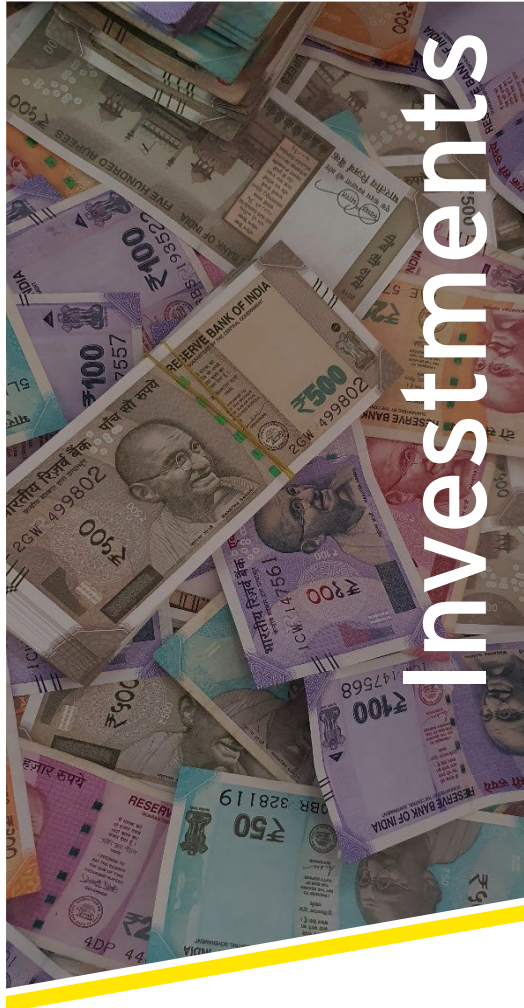
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Spotlight: PE/VC investment trend in agriculture

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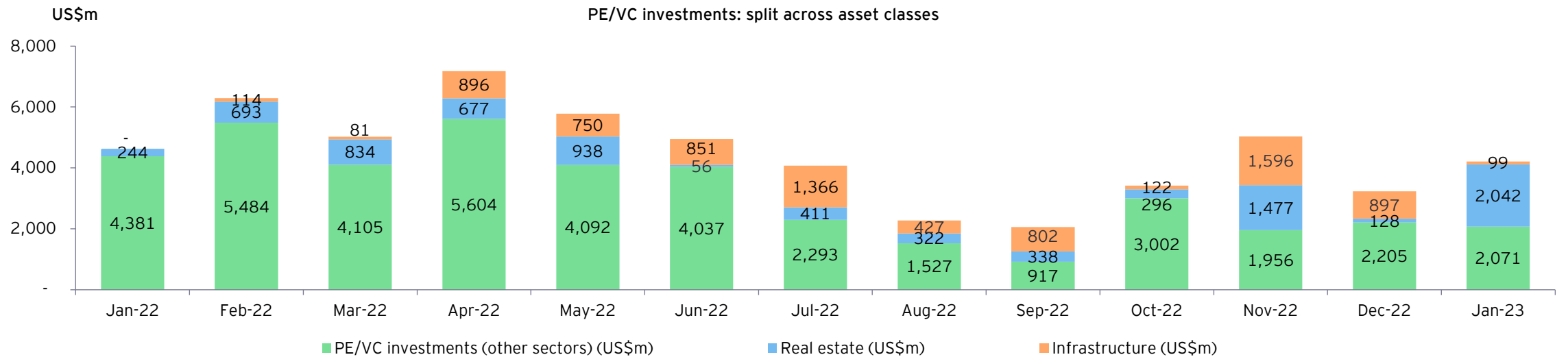
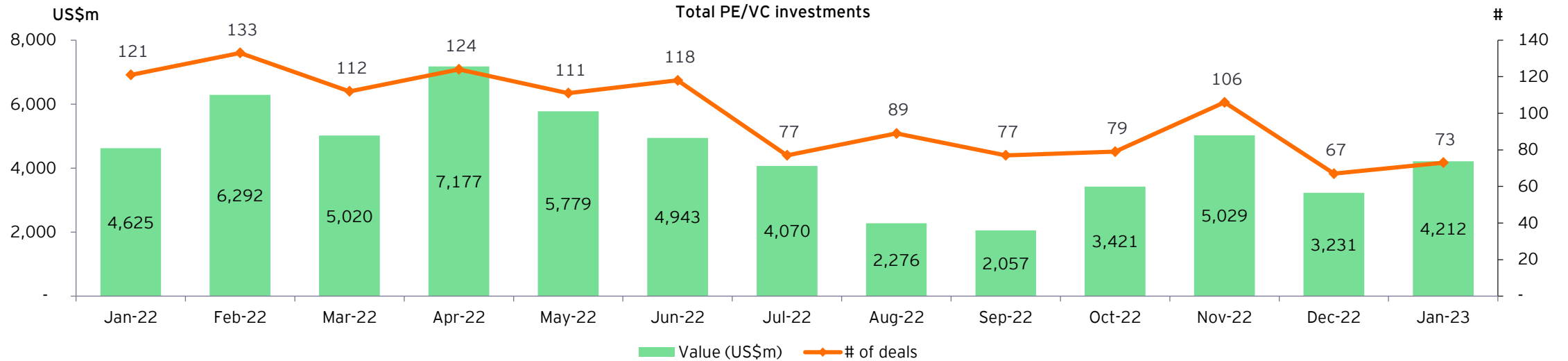
Monthly trend analysis:
January 2023

Key trends

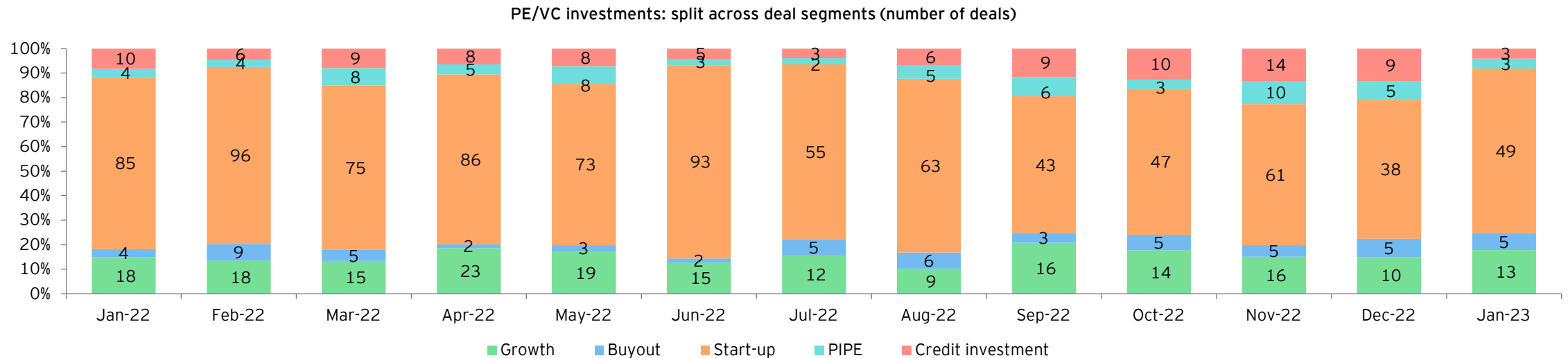
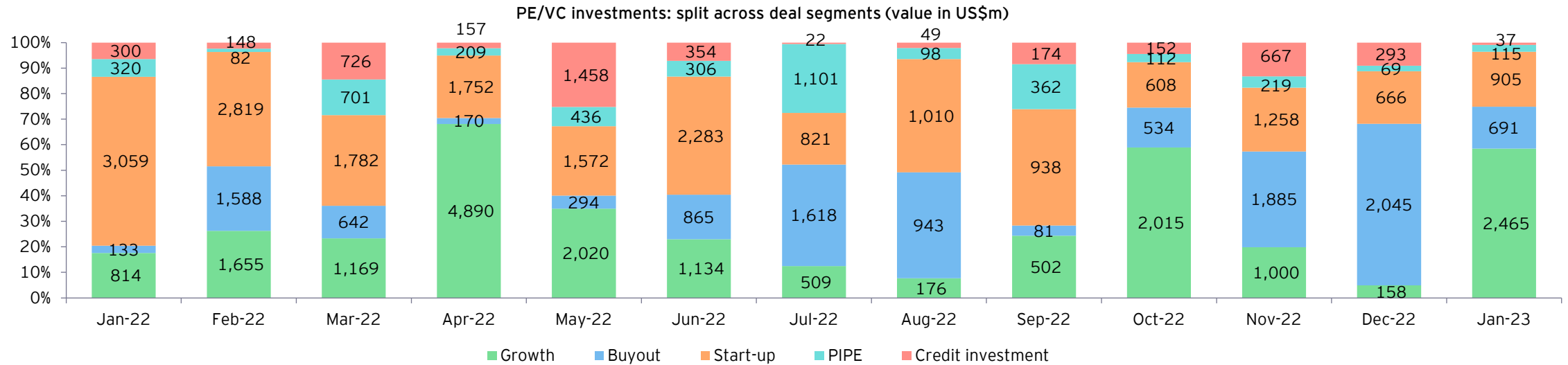


- ▶ PE/VC investments in January 2023 recorded US\$4.2 billion, 9% lower than PE/VC investments in January 2022 (US\$4.6 billion) and 31% higher than December 2022. In terms of number of deals, January 2023 recorded a 40% y-o-y decline in deal activity, while increasing by 9% sequentially. Pureplay PE/VC investments declined by 53% in terms of value and 45% in terms of volume on a y-o-y basis. However, a large investment in the real estate asset class helped cushion the fall in aggregate PE/VC investments, recording almost a nine-fold increase in investments at US\$2 billion (US\$244 million in Jan 2022).
- ▶ January 2023 recorded eight large deals (deals of value greater than US\$100 million) aggregating US\$3.4 billion, a 13% increase y-o-y. The largest deal in January 2023 saw NIIF and AGP announce US\$2 billion investment to set up a pan India data center platform in collaboration with Digital Edge.
- ▶ By deal type, growth investments were the highest in terms of value in January 2023 at US\$2.5 billion across 13 deals compared to US\$814 million invested across 18 deals in January 2022, over 200% increase y-o-y in value terms. Startup investments were second highest, recording US\$905 million across 49 deals in January 2023 compared to US\$3.1 billion recorded across 85 deals in January 2022, a 70% decline y-o-y in terms of value. Buyouts recorded US\$691 million across five deals in January 2023 compared to US\$133 million recorded across four deals in January 2022, a 420% increase y-o-y in terms of value.
- ▶ From a sector point of view, real estate was the top sector in January 2023, driven by a single large investment in data centers by NIIF and AGP, recording US\$2 billion in PE/VC investments across five deals (three deals worth US\$244 million in January 2022). The second largest sector was financial services, with US\$762 million recorded across 13 deals (19 deals worth US\$433 million in January 2022). E-commerce sector, which was the top sector last year, recorded a fall of 96% in terms of value (US\$74 million in January 2023 vs. US\$1.7 billion in January 2022).

PE/VC monthly headline trends: investments

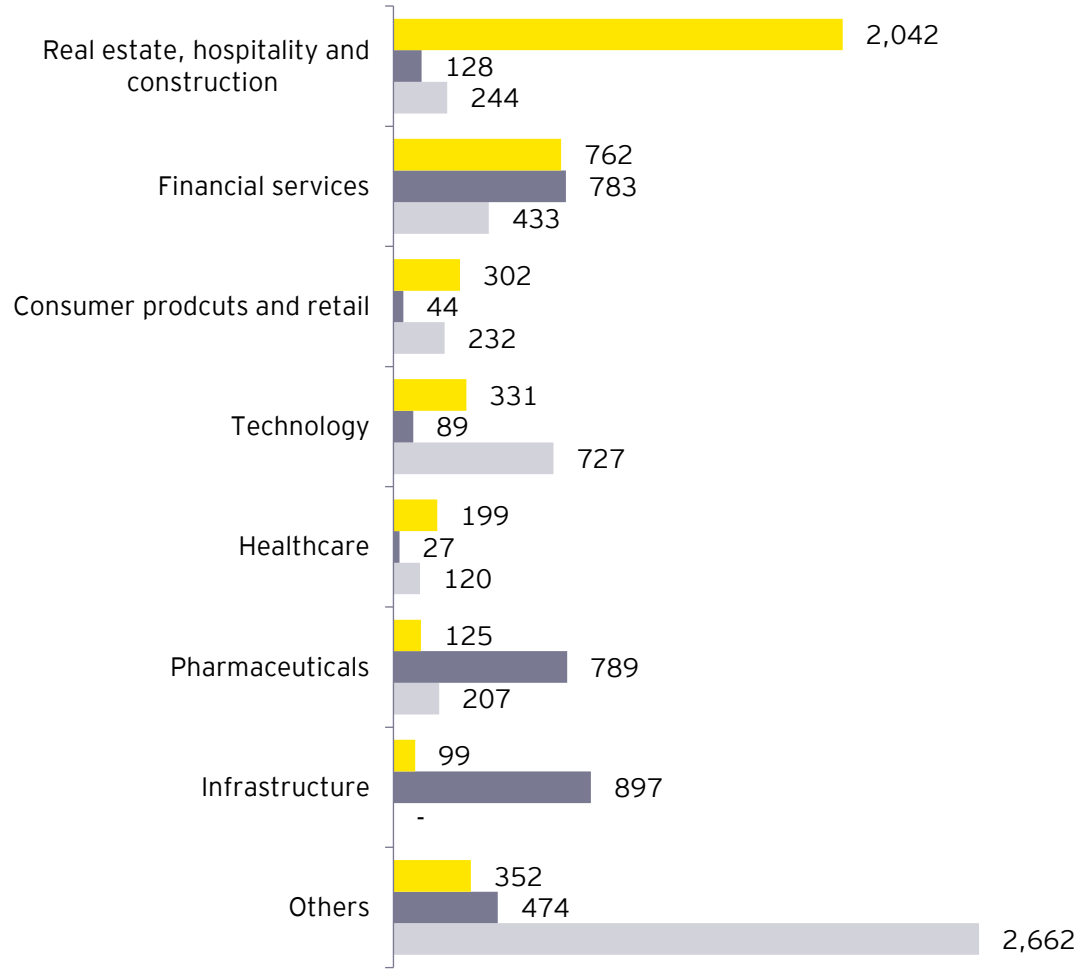


PE/VC monthly headline trends: investments

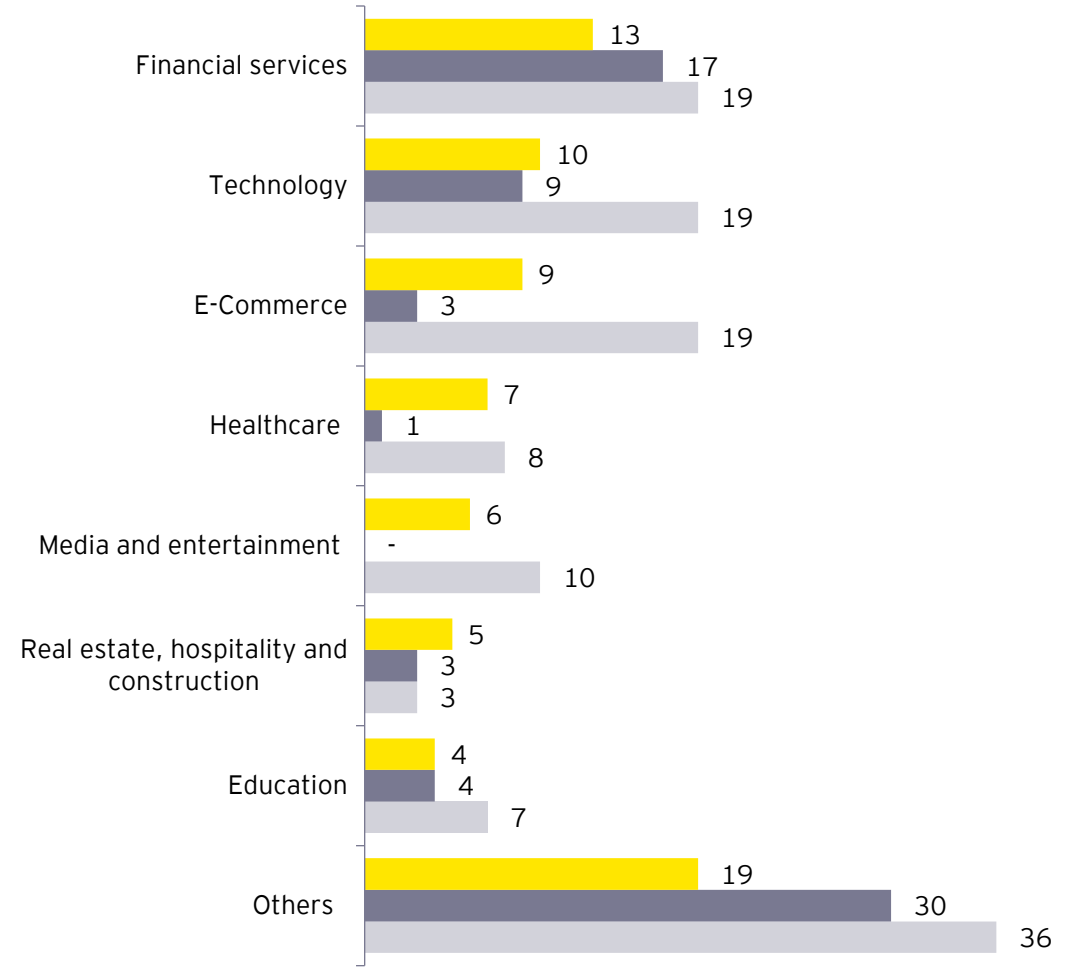


PE/VC investments: split by sector

Top sectors by value (US\$m)

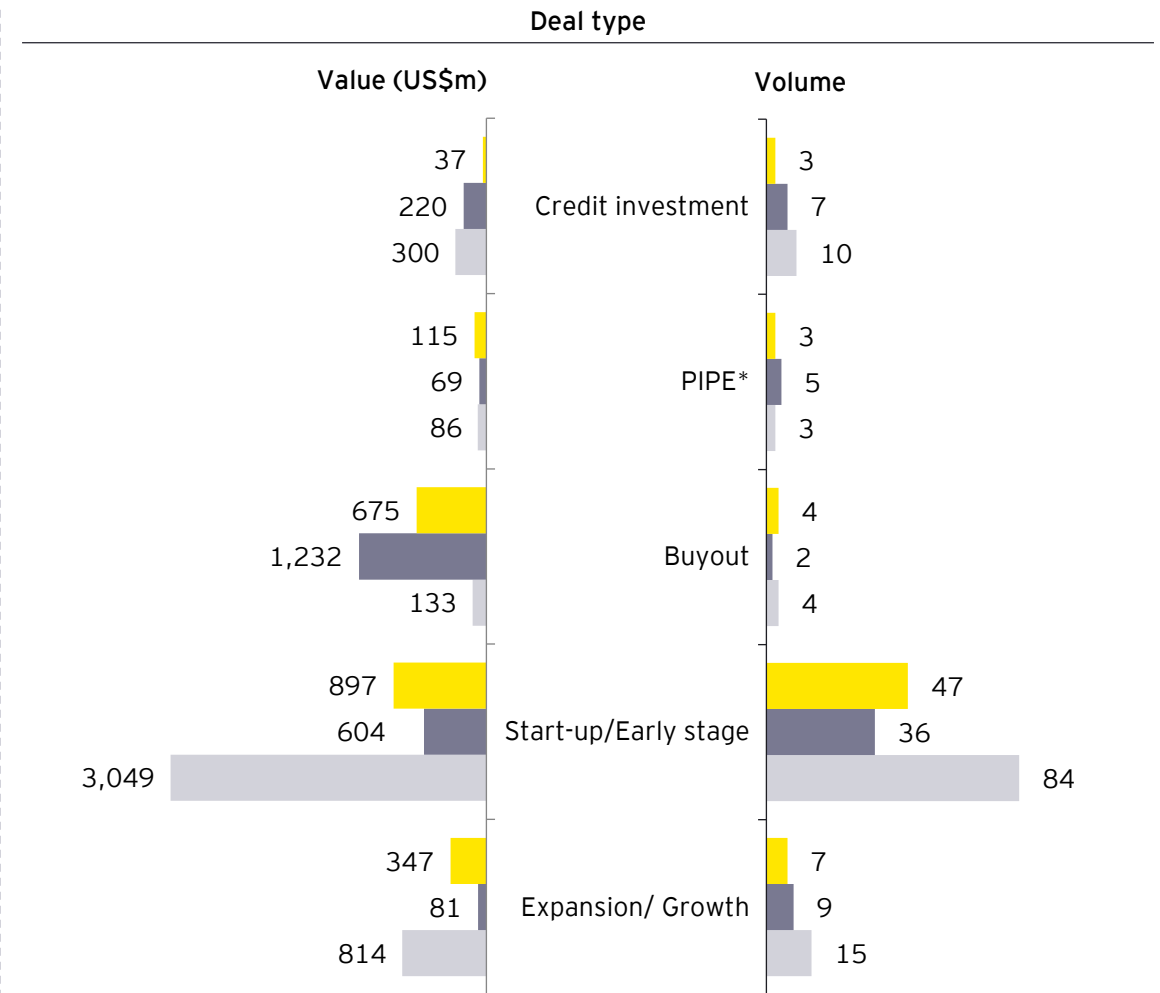
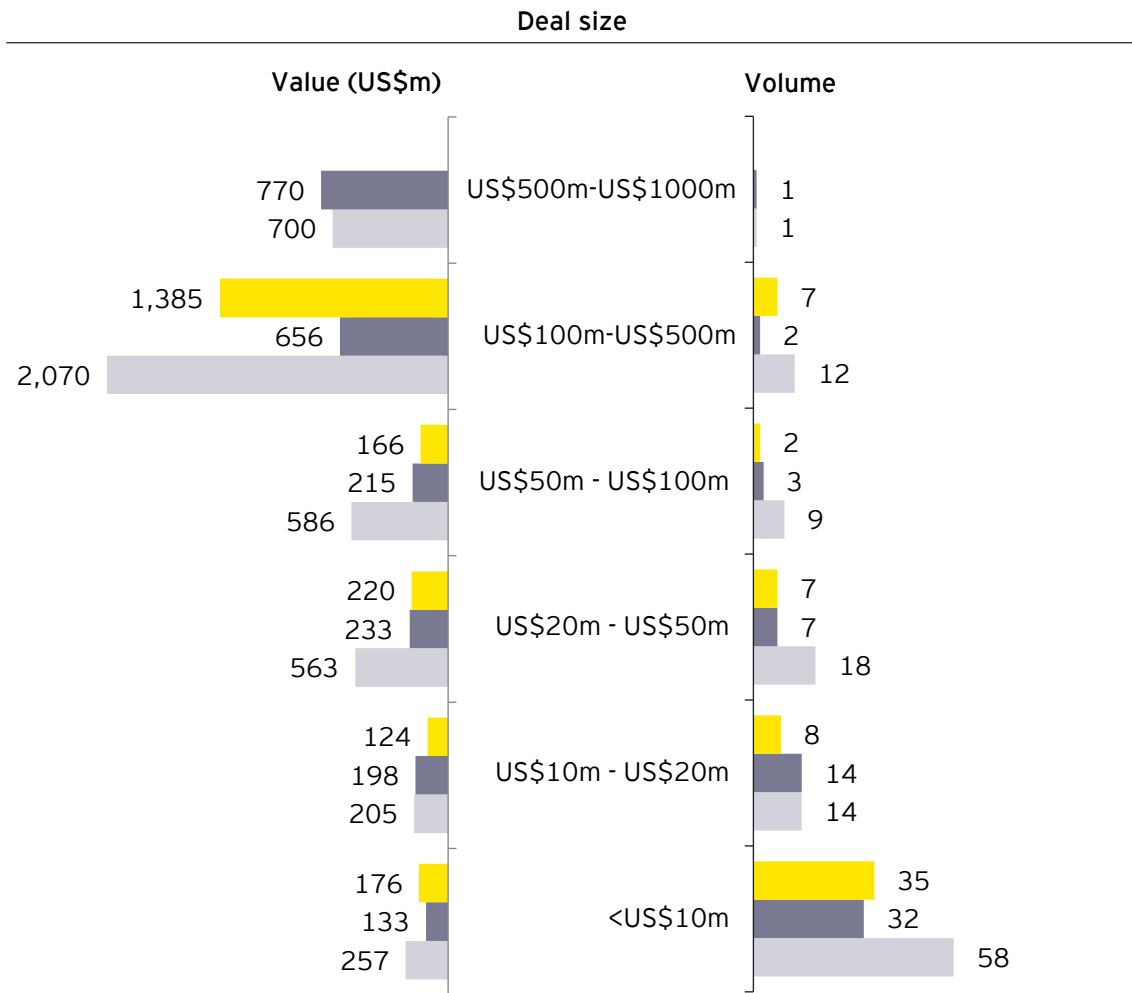


Top sectors by number of deals



Jan'23 Dec'22 Jan'22

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



*PIPE: Private investment in public equity

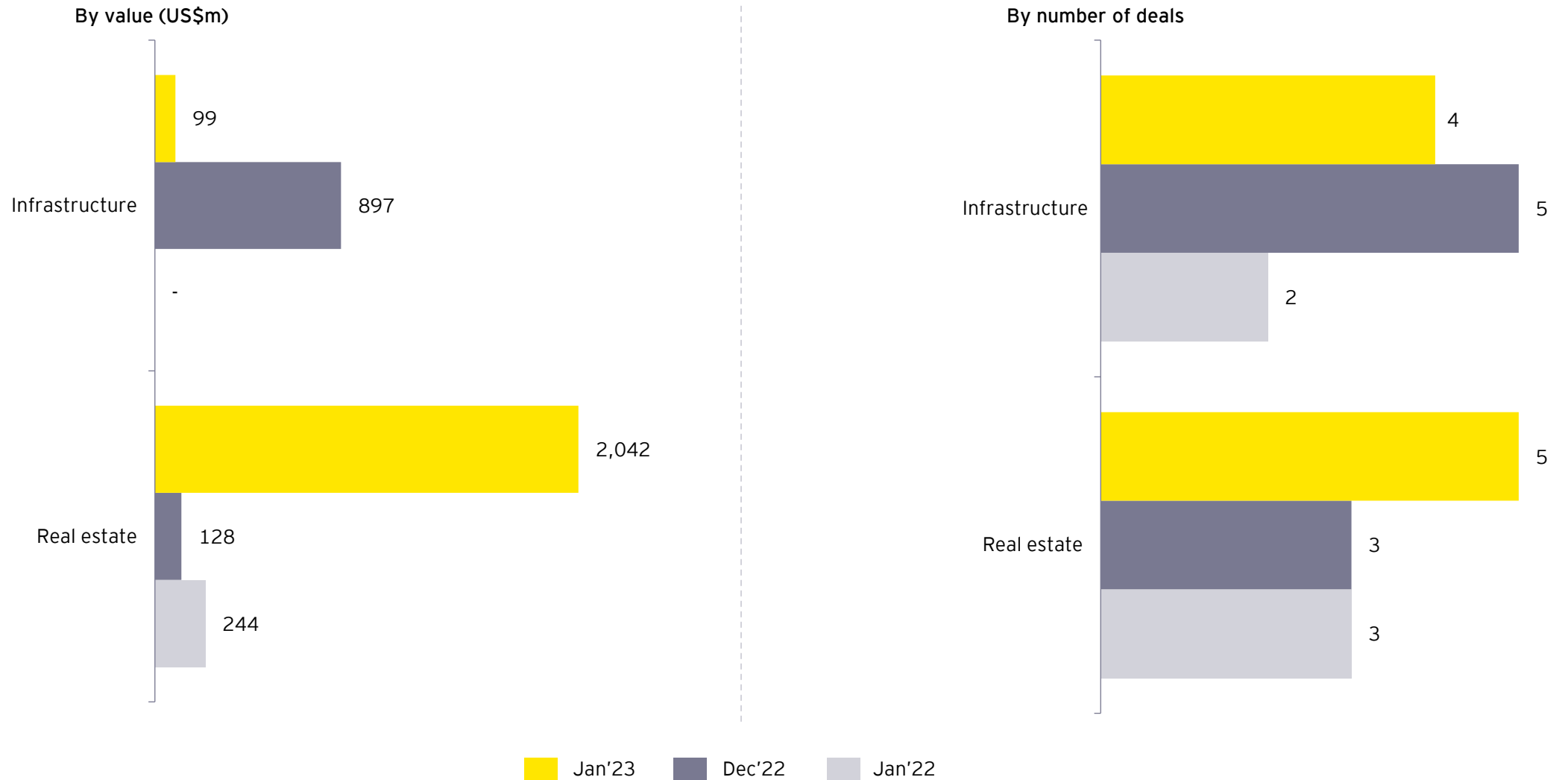
Jan'23 Dec'22 Jan'22

Top PE/VC investments

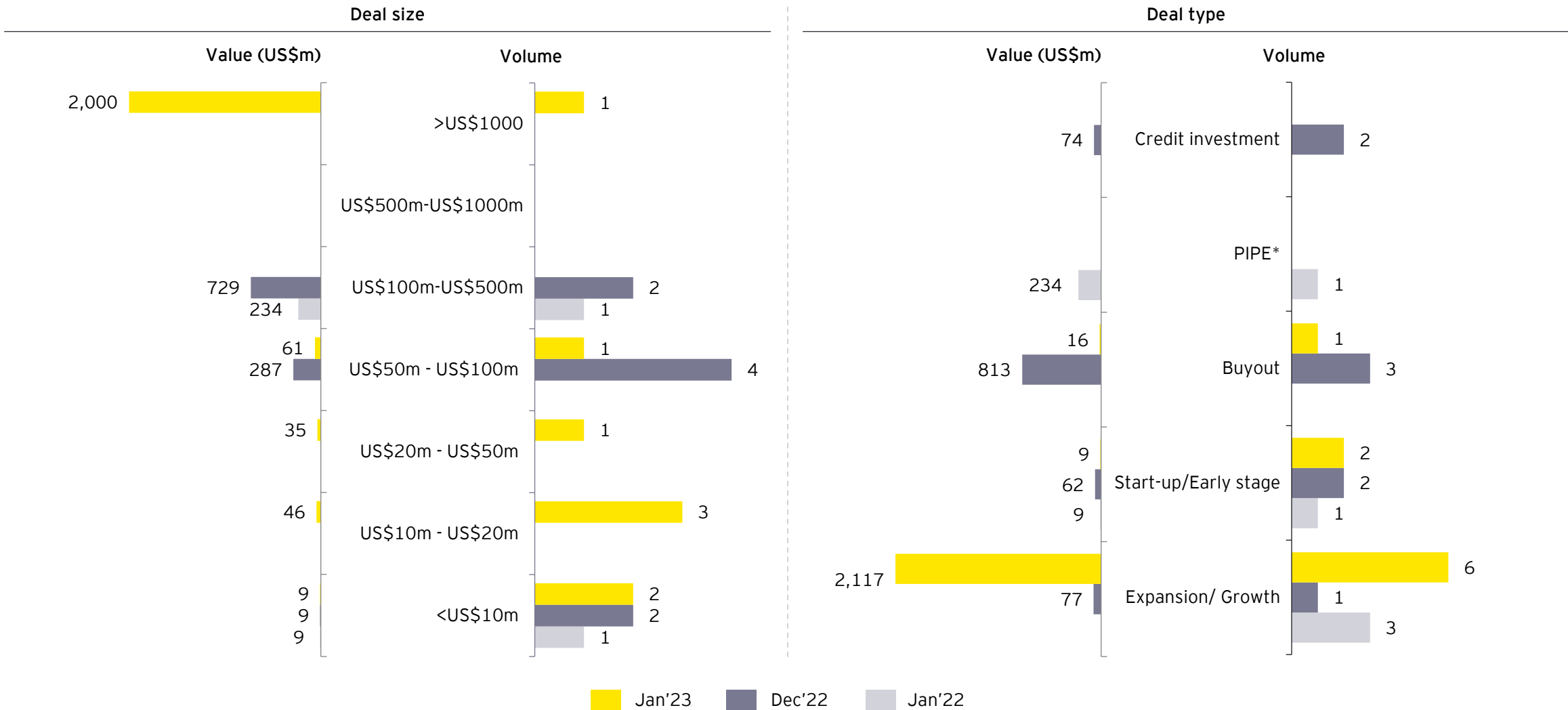
Top PE/VC investments excluding infrastructure and real estate in January 2023

| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|---|-------------------------|------------------------------------|----------------|-------|-----------|
| PhonePe | General Atlantic | Financial services | Startup | 350 | 3 |
| VLCC Health Care Limited | Carlyle Group | Consumer products and retail | Buyout | 300 | 60 |
| Xoriant Corporation | ChrysCapital | Technology | Buyout | 250 | >50 |
| Synokem Pharmaceutical | TA Associates | Pharmaceuticals | Buyout | 125 | >50 |
| Sirion Labs | Brookfield | Business and professional services | Growth capital | 110 | NA |
| Finnovation Tech Solutions (KreditBee.in) | Advent, MUFG and others | Financial services | Startup | 100 | NA |

PE/VC investments in infrastructure and real estate sectors



PE/VC investments in infrastructure and real estate sectors



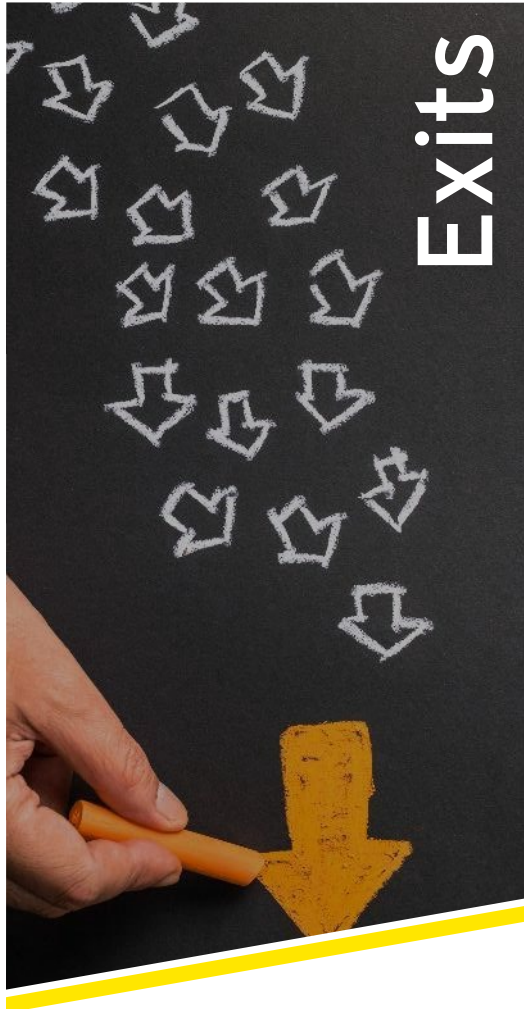
*PIPE: Private investment in public equity

Top *infrastructure* and *real estate* investments

Top infrastructure and real estate investments in January 2023

| Company | PE investors | Sector | Stage | US\$m | Stake (%) |
|--|---|----------------|----------------|-------|-----------|
| Pan India data center platform (Digital Edge DC) | AGP DC InvestCo, NIIF, Digital Edge (Singapore) Holdings | Real estate | Growth capital | 2,000 | NA |
| Sukhbir Agro Energy | Norwegian Climate Investment Fund (Norfund) | Infrastructure | Growth capital | 61 | NA |
| Ecozen Solutions | Nuveen, Dare Ventures, India EXIM Bank, Caspian Advisors, Triodos, Maanaveeya Development and Finance, Oxyzo, Northern Arc group, HDFC Bank and Axis Bank | Infrastructure | Growth capital | 25 | NA |
| Isprava Vesta (Isprava Group) | Symphony International Holdings | Real estate | Growth capital | 20 | NA |
| Industrial Park in Bhiwandi | Mirae Asset | Real estate | Buyout | 16 | 100 |
| Renew Powers' Karnataka Project | Norway's Climate Investment Fund (Norfund), Norwegian pension fund KLP | Infrastructure | Growth capital | 11 | 49 |

Key trends



Exits

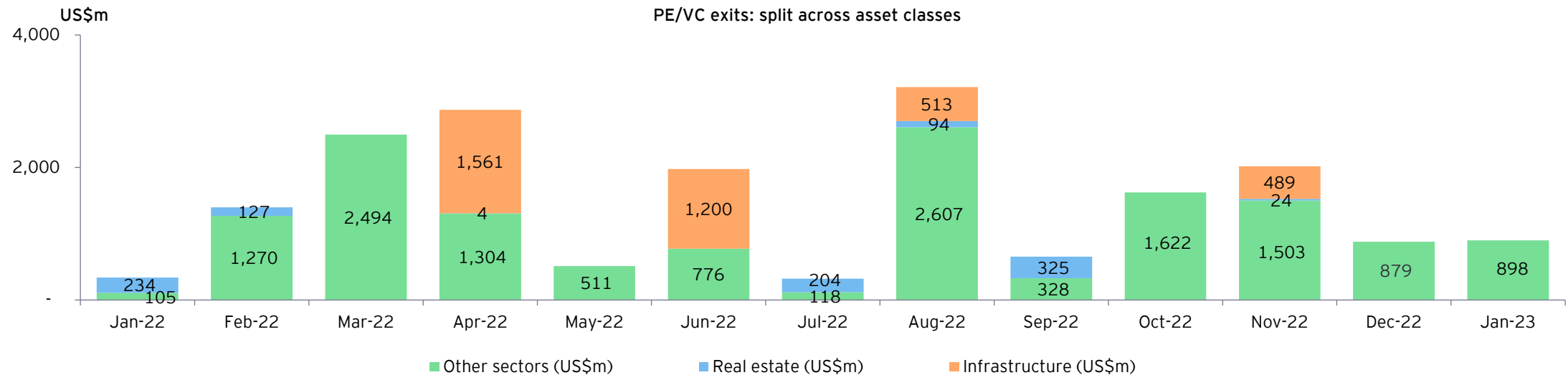
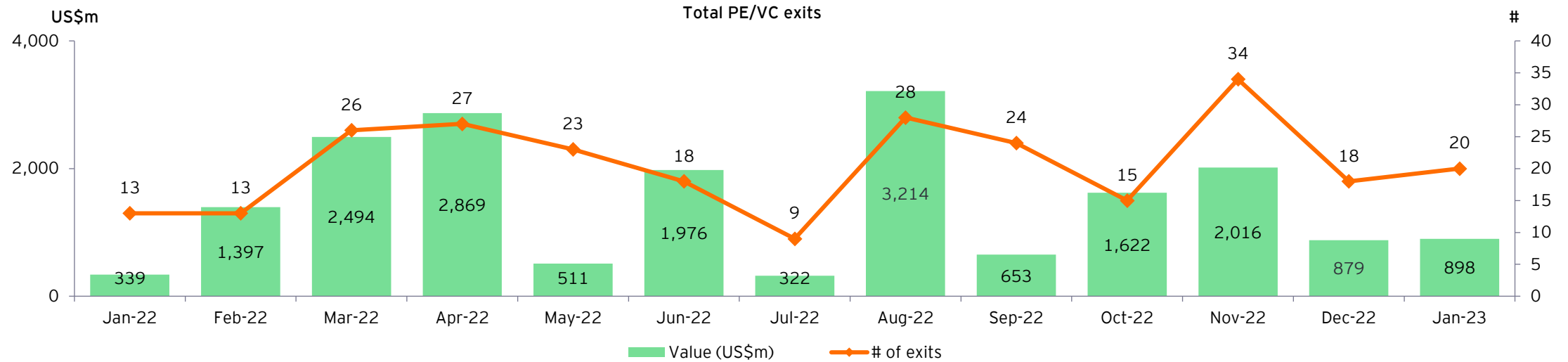
- ▶ January 2023 recorded 20 exits worth US\$898 million compared to US\$339 million recorded in January 2022 across 13 deals and US\$879 million recorded across 18 deals in December 2022.
- ▶ Strategic exits were the highest at US\$350 million across 10 deals. Secondary exits were the second highest, with US\$269 million recorded across six deals.
- ▶ There were two PE-backed IPOs with OFS component by PE funds of US\$26 million.



Fundraise

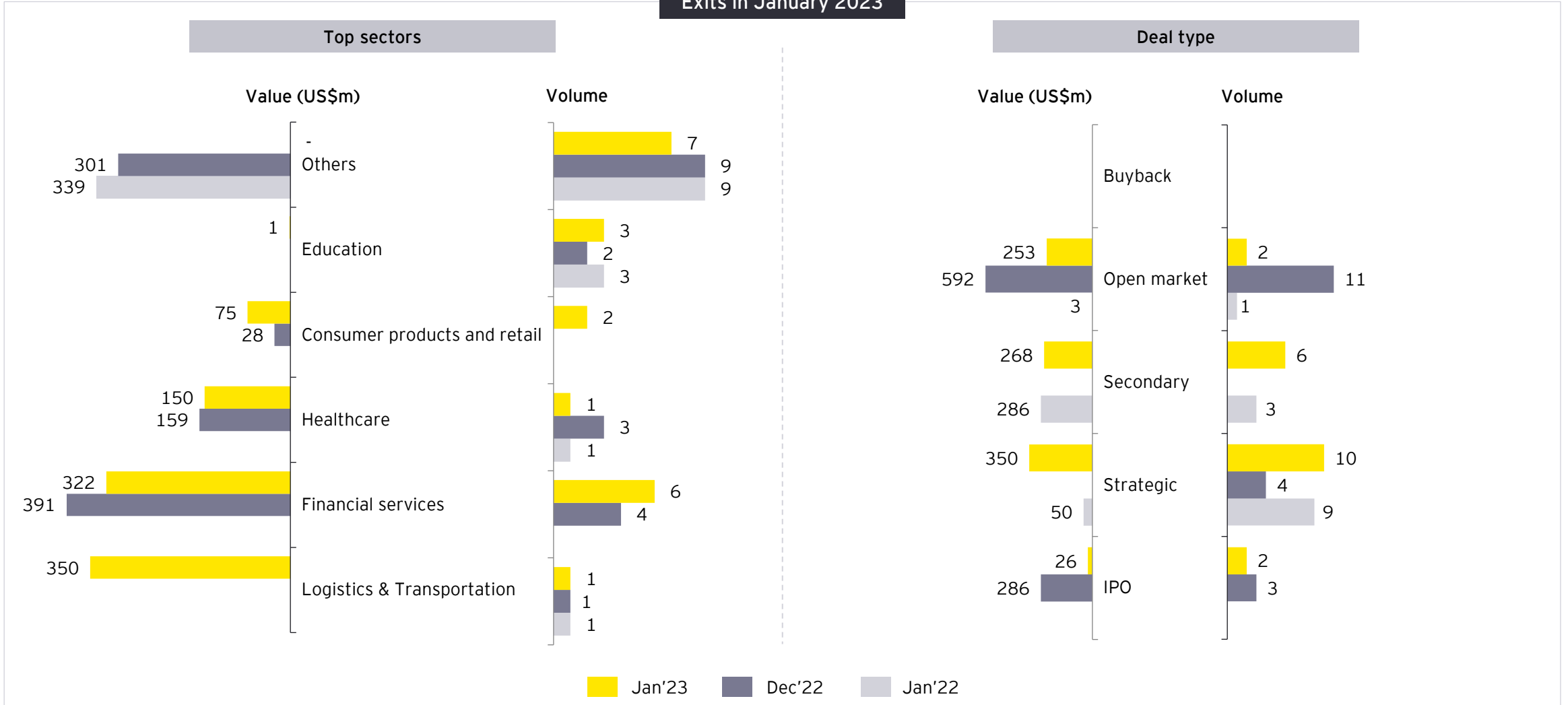
- ▶ January 2023 recorded total fundraises of US\$1.1 billion, compared to US\$3 billion raised in January 2022. The largest fundraise in January 2023 was by HDFC Capital that raised US\$376 million for investments into affordable mid-income housing projects.

PE/VC monthly headline trends: exits



Exits: US\$898 million across 20 deals in January 2023

Exits in January 2023

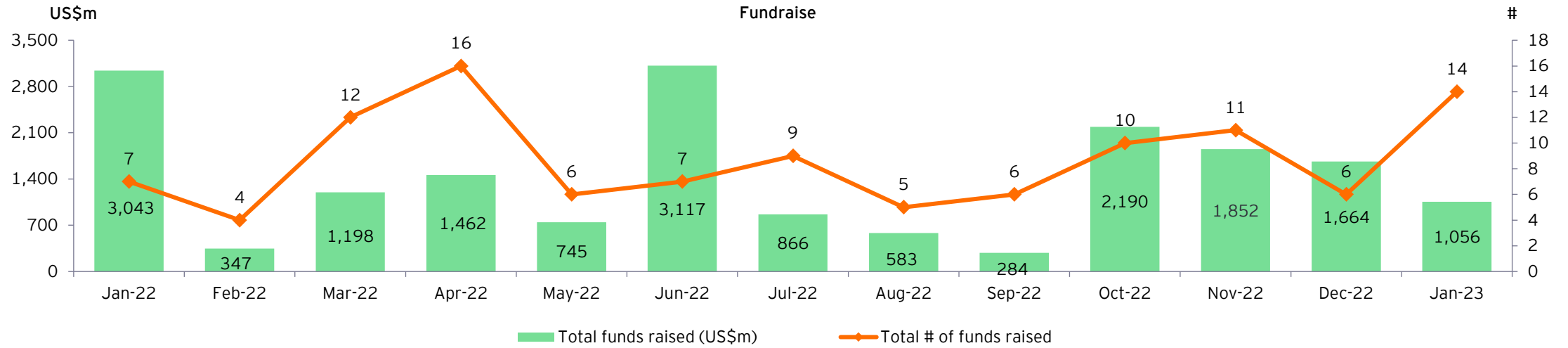


Top exits

Top exits in January 2023

| Company | Sector | Sellers | Buyer | Exit type | US\$m | Stake (%) |
|-------------------------------|------------------------------|---------------|--------------------------------------|-------------|-------|-----------|
| J M Baxi Ports and Logistics | Logistics and transportation | Bain Capital | Hapag-Lloyd AG | Strategic | 350 | 35 |
| Shriram Finance | Financial services | Apax Partners | NA | Open Market | 127 | 2 |
| One 97 Communications (PayTM) | Financial services | Alibaba | Morgan Stanley, Ghisallo Master Fund | Open Market | 126 | 3 |
| VLCC Health Care Limited | Consumer products and retail | Everstone | Carlyle | Secondary | 75 | 15 |
| SBI General Insurance | Financial services | Axis AIF | IIFL | Secondary | 43 | 1.3 |

PE/VC monthly headline trends: fundraise



Fundraise

Top fundraise in January 2023

| Status | Fund | PE/VC GP | US\$m | Strategy |
|--------|------------------------------|------------------|--------|---|
| Raised | H-Care 3 | HDFC Capital | 376.00 | Affordable and mid-income housing projects |
| Raised | IndoSpace Logistics Parks IV | IndoSpace | 205.00 | Logistics real estate |
| Raised | Neev Fund II | SBICAPS Ventures | 121.95 | Climate and sustainability focused |
| Raised | Lok IV | Lok Capital | 90.00 | Fintech, health-tech, food and AgriTech, and climate tech |
| Raised | Z3Partners | Z3Partners | 67.07 | SaaS, fintech, ecommerce, B2B commerce, AgriTech, big data, and consumer tech |

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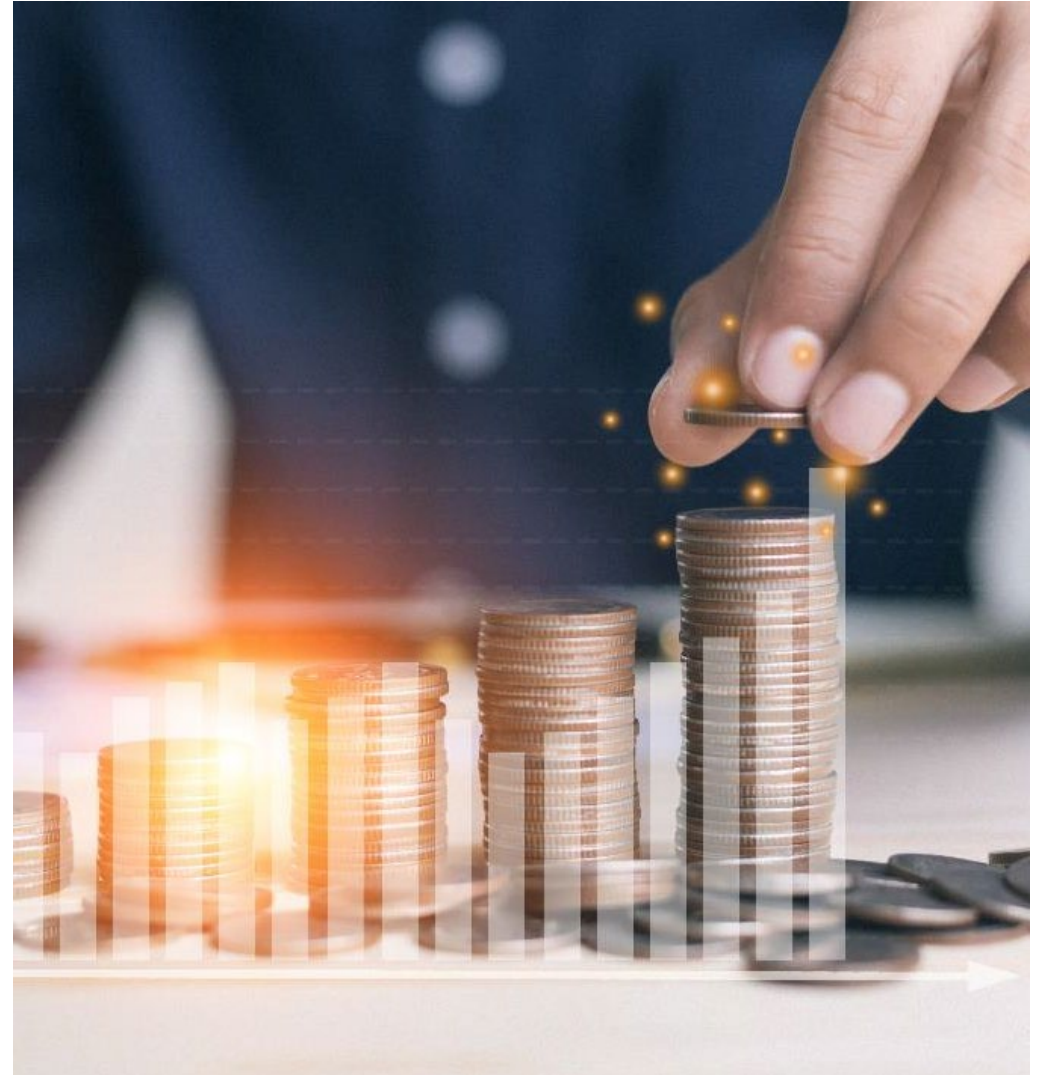
Spotlight:

PE/VC investment trend in
agriculture

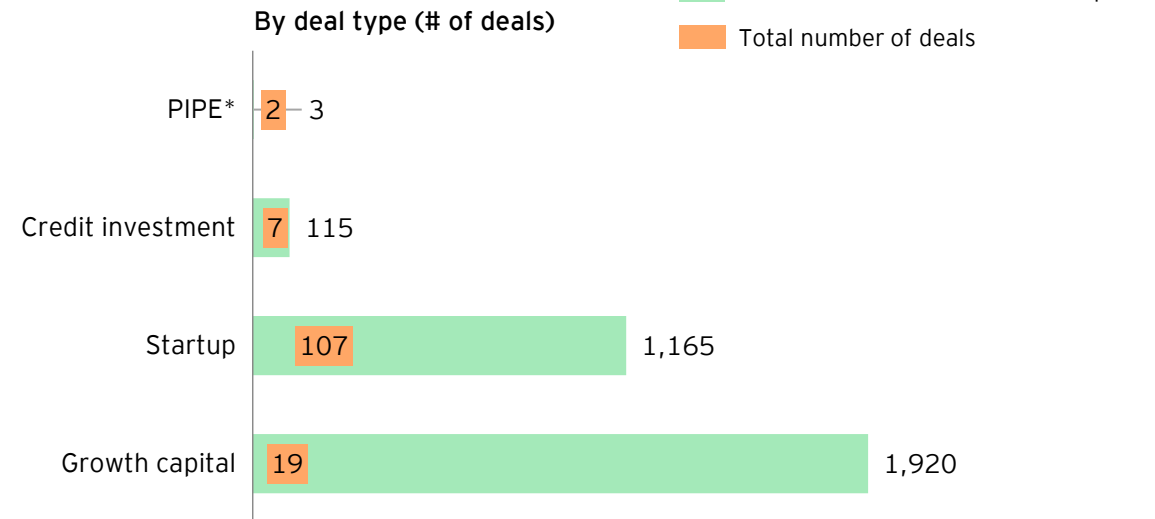
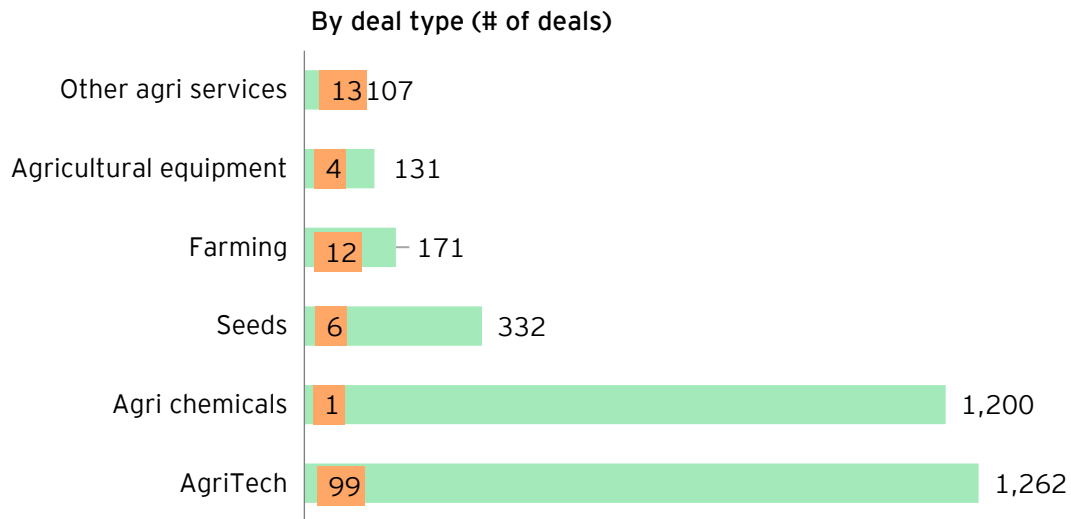
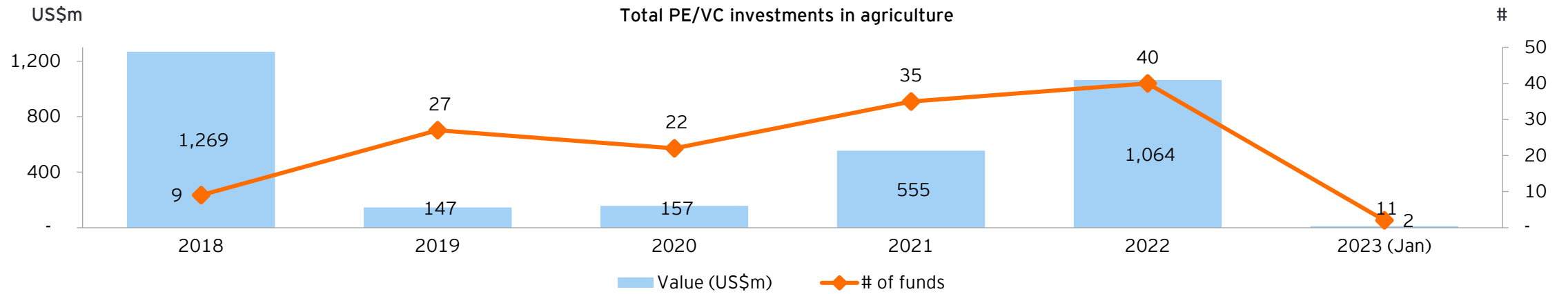


Spotlight: PE/VC investment trend in agriculture

- ▶ The interest of PE/VC in the Indian agriculture sector has grown significantly over the years as the sector got disrupted by technology. The investment in the sector has seen a significant change, moving from a predominant focus on agrochemicals to almost entirely on AgriTech. Over the past five years, two-third deals in the agriculture sector have been in AgriTech.
- ▶ With increased rural internet penetration and COVID-19 driving structural changes in the supply chain, India is fast moving towards agriculture digitalization, implementing advanced digital technologies such as data analytics, blockchain, AI/ML, IOT, etc. The AgriTech sector has witnessed a strong growth in the last three years and raised over US\$1.5 billion capital. New and disruptive business models such as Farming-as-a-Service (FaaS), in which agricultural services are provided on a pay-per-use or subscription-based model and Farm-to-Business (F2B) model, which connects farmers directly to businesses have emerged.
- ▶ AgriTech startups such as GROWiT, Crofarm, AgroStar, etc. are helping Indian farmers focus on sustainable agricultural practices, including protective farming, crop management, tech-powered tools, waste management.
- ▶ Government of India too is providing support for the AgriTech sector in the form of schemes and policies such as digital public infrastructure for agriculture, 'Kisan Drones' for promoting crop assessment, spraying insecticides, and digitalization of land records.
- ▶ The next wave of AgriTech growth in India is likely to come from technological advancements in sustainable inputs, in-farm solutions (farm management software, remote sensing and advisory, and farm automation), novel farming systems, traceability, and agri-carbon. Additionally, emerging sectors such as precision AgriTech and aquaculture also hold high potential for growth in the coming years.



Spotlight: PE/VC investment trend in agriculture



*PIPE: Private investment in public equity

Spotlight: PE/VC investment trend in agriculture

Top PE/VC investments in agriculture - 2018-2023 (Jan)

| Company | PE investors | Sector | Stage | Year | US\$m | Stake (%) |
|--|---|------------------------|-------------------|------|-------|-----------|
| UPL Corporation Limited | Abu Dhabi Investment Council, TPG | Agri chemicals | Growth capital | 2018 | 1,200 | NA |
| Advanta Enterprises Private Limited | KKR | Seeds | Growth capital | 2022 | 300 | 13 |
| UPL SAS-India Agtech Platform | ADIA, Brookfield, TPG | AgriTech | Growth capital | 2022 | 200 | 9 |
| Waycool Foods and Products Private Limited | LightRock, LightBox, FMO, Lightsmith, IFC, Redwood Equity, Gawa Capital | AgriTech | Startup | 2022 | 117 | NA |
| Green Agrevolution Private Limited | Sequoia Capital, Prosus Ventures, RTP Global Fund III, Sofina SA, Temasek, Lightrock India | AgriTech | Startup | 2021 | 115 | 26 |
| Ecso Global Private Limited | Alpha Wave Ventures, Sequoia Capital, Tiger Global Management | Farming | Startup | 2022 | 100 | 20 |
| Netafim Irrigation India Private Limited | IFC | Agricultural equipment | Credit investment | 2020 | 75 | NA |
| Ulink Agritech Private Limited | Aavishkaar, Accel, Bertelsmann, Chiratae Ventures, Rabo Frontier Ventures, CDC Group, Evolvence | AgriTech | Startup | 2021 | 70 | NA |
| Green Agrevolution Private Limited | Sofina, Temasek | AgriTech | Startup | 2022 | 60 | NA |
| Netafim Irrigation India Private Limited | Phoenix Group Corp, and Cogito Capital Partners | Agricultural equipment | Growth capital | 2021 | 50 | NA |

A photograph of a business meeting. In the center, two men in suits are shaking hands. The man on the left is wearing a dark suit and a silver watch. The man on the right is wearing a dark suit with a purple and white striped shirt cuff. In the background, other people in business attire are visible, some holding papers. In the foreground, there are two white coffee cups and a glass of water on a table.

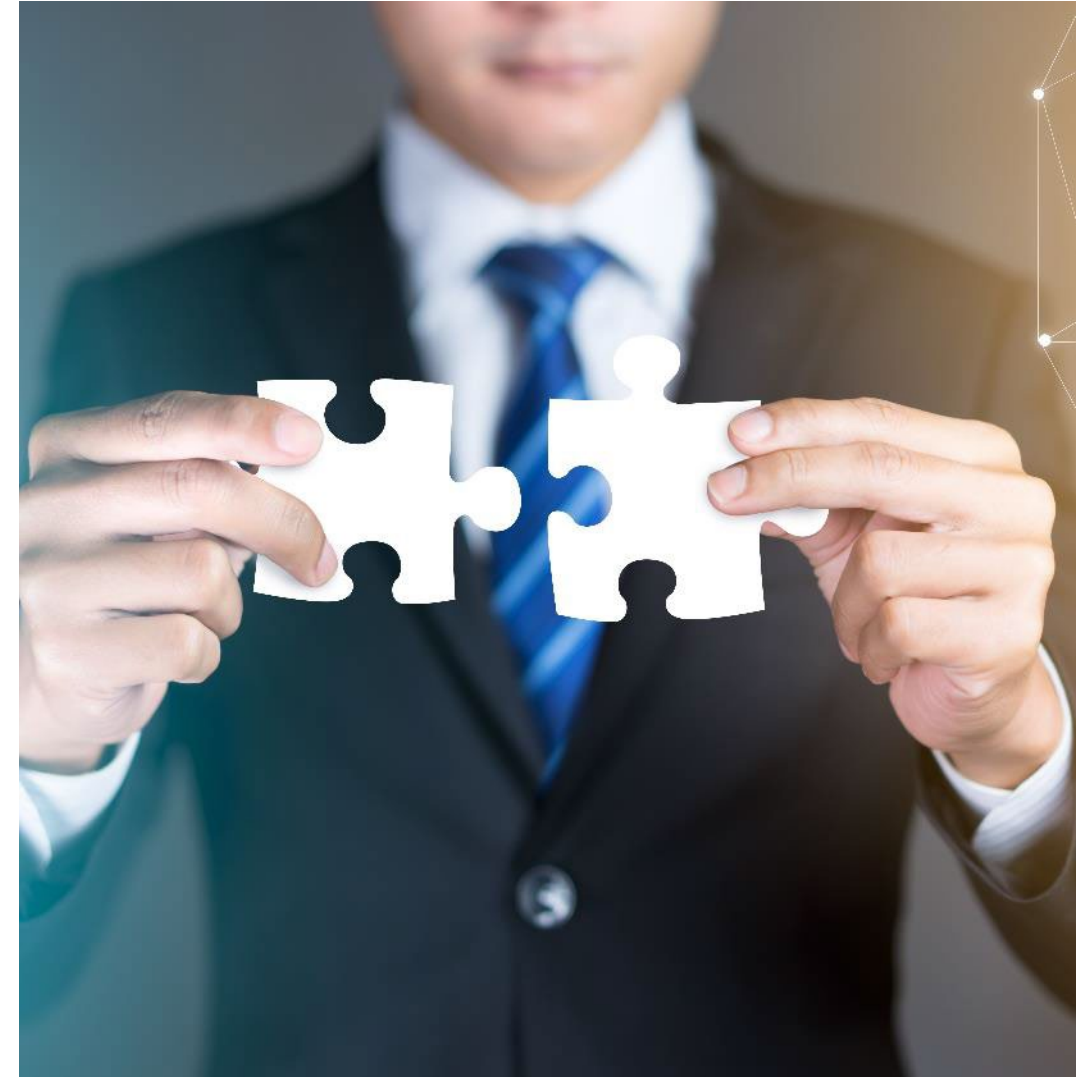
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About EY's Private Equity Services Practice

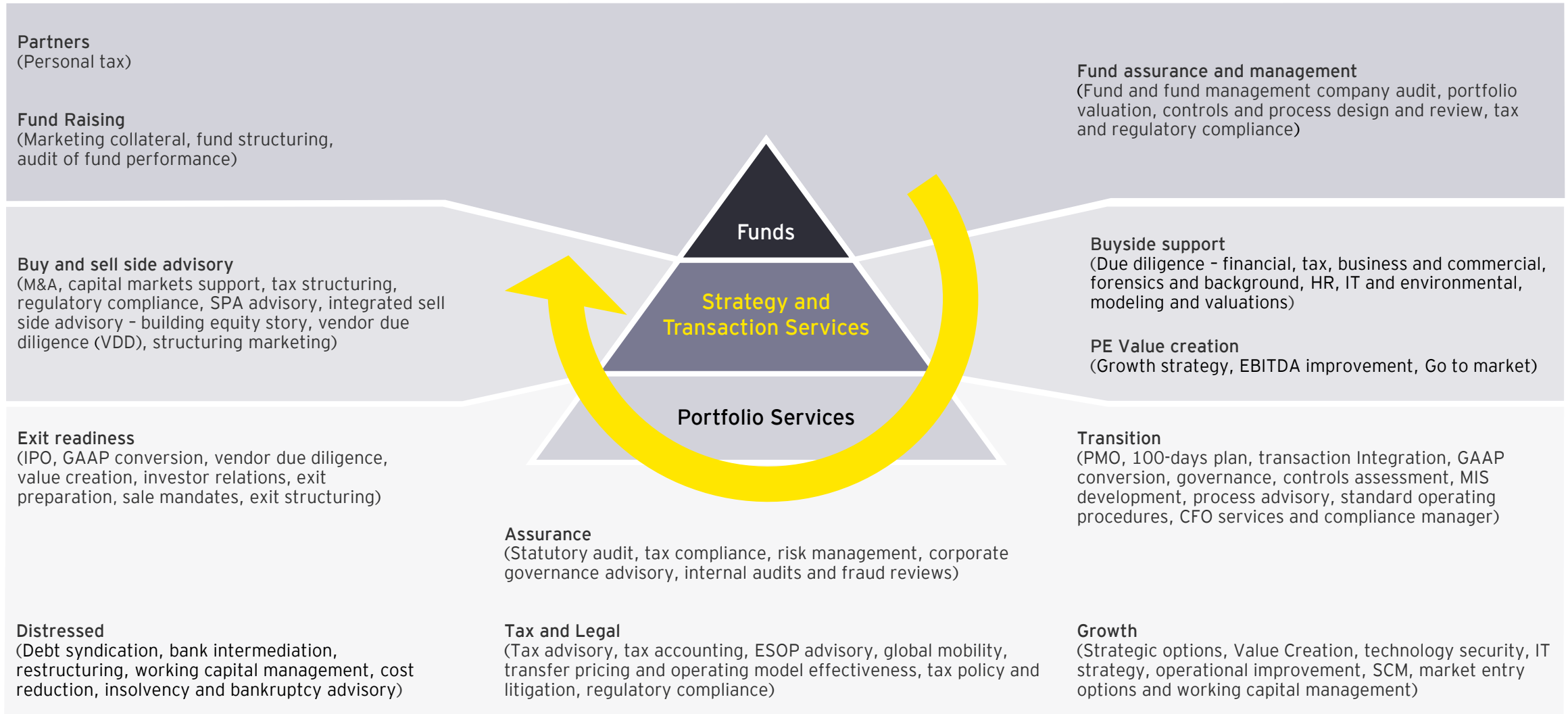
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About IVCA

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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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