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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

“ July 2024 recorded US\$2.7 billion in PE/VC investments, a decline of 42% compared to July 2023 and 35 % lower than June 2024. The number of deals in July 2024 was higher by 19% y-o-y.

“ In July 2024, pure play PE/VC investments reached US\$1.8 billion, a decline of 56% compared to July 2023 (US\$4 billion) and were 51% lower compared to June 2024 (US\$3.6 billion). The number of deals was higher by 8% y-o-y (69 deals in July 2024 vs. 64 deals in July 2023). Investments in the real estate and infrastructure asset class in July 2024 (US\$926 million) were higher by 67% y-o-y compared to July 2023 (US\$554 million) and 82% higher compared to June 2024 (US\$508 million).

“ Buyout investments was the largest deal type in July 2024 at US\$1.2 billion, accounting for 45% of the overall investments in July 2024. This was followed by start-up investments (US\$729 million). From a sector point of view, infrastructure was the top sector in July 2024, recording US\$690 million in PE/VC investments.

“ PE/VC exits were at US\$2.5 billion across 16 deals in July 2024, a 16% decline y-o-y (US\$3 billion in July 2023). Strategic exits in July 2024 accounted for 65% of overall exits by value (US\$1.6 billion).

“ Buyouts enable PE/VC investors to acquire the controlling stake in a company, allowing them to make strategic decisions and turn around underperforming companies. The acquisition of controlling stakes in well-established companies with strong fundamentals offers superior risk adjusted returns to PE/VC investors. Which is why, despite global headwinds and uncertainties, buyouts are emerging as a preferred strategy for Large PE/VC investors. Please see the spotlight section for more details.

“ While the Indian markets have demonstrated resilience and continue to show strong signals, the second half of 2024 appears to have had a weak start. We expect PE/VC investors to take a cautious approach as concerns over global uncertainties, inflation and geopolitical tensions play out, influencing the confidence and willingness of investors to deploy additional capital. The announcements made in the union budget have been overall net positive for the PE/VC sector, and with the Angel Tax removal, we expect to see a pick up in the start-up space. We remain cautiously optimistic about the Indian PE/VC outlook for the rest of 2024.



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Monthly trend analysis: July 2024

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Spotlight: pure play buyouts

01

Monthly trend analysis: July 2024

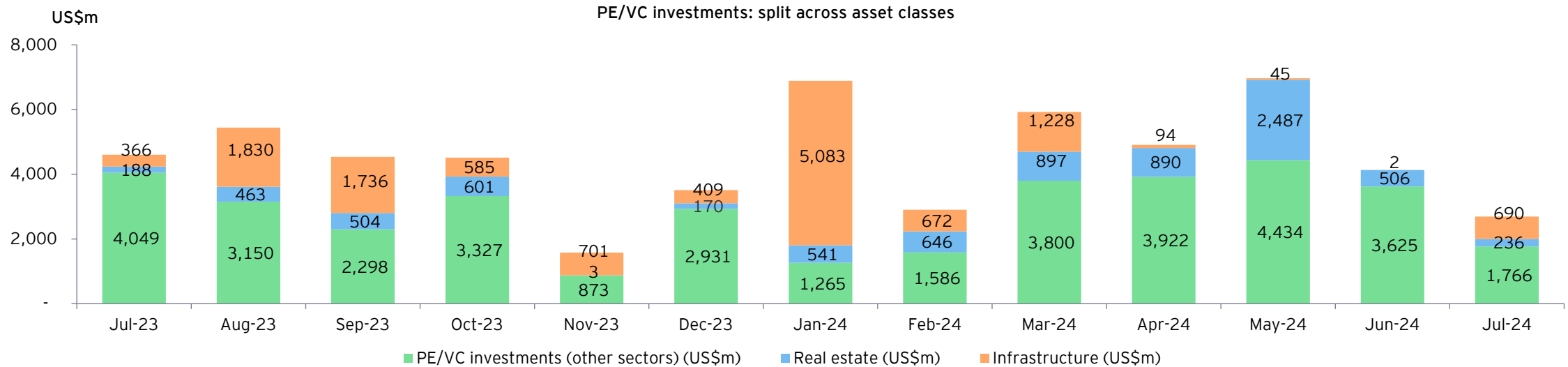
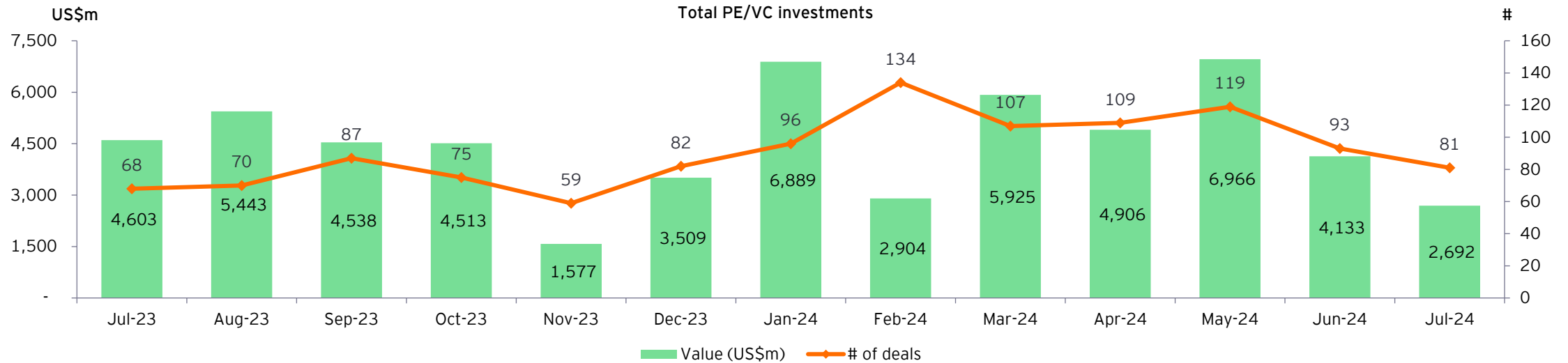


Key trends



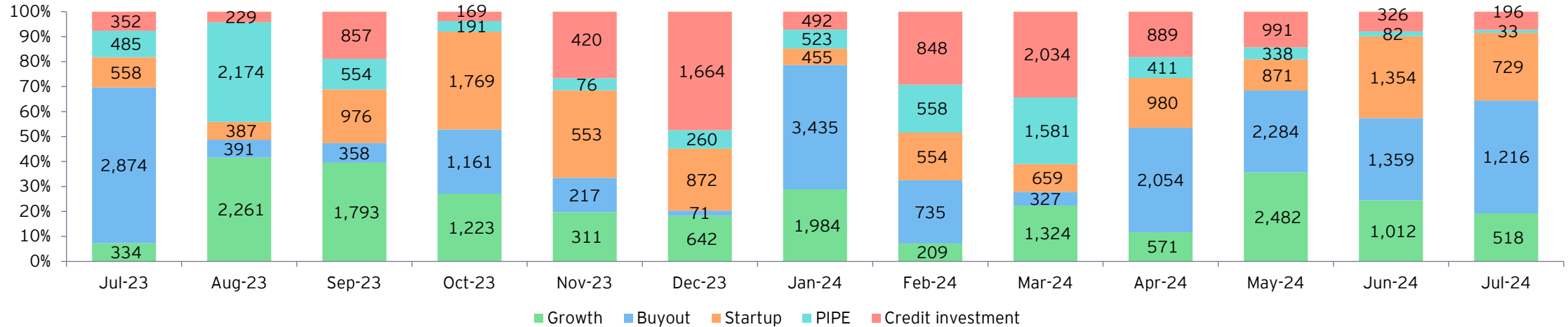
- ▶ PE/VC investments in July 2024 (US\$2.7 billion) were 42% lower than July 2023 (US\$4.6 billion) and 35% lower than June 2024 (US\$4.1 billion). In terms of number of deals, July 2024 (81 deals) recorded a 19% increase compared to July 2023 (68 deals).
- ▶ July 2024 recorded six large deals (deals with value greater than US\$100 million), aggregating US\$1.5 billion, a 58% decline y-o-y in terms of value (US\$3.6 billion across 10 deals in July 2023). The largest deal in July 2024 saw Brookfield investing US\$550 million in Leap Green Energy.
- ▶ Buyout investments had the largest share in July 2024, with US\$1.2 billion invested across five deals compared to US\$2.9 billion across six deals in July 2023, marking a decline of 58%. Start-up investments were the second largest, with US\$729 million invested across 48 deals in July 2024, a growth of 31% compared to US\$558 million across 40 deals in July 2023. Growth investments were the third highest in July 2024 (US\$518 million across 12 deals) with 55% growth compared to July 2023 (US\$334 million across eight deals). This was followed by credit investments (US\$196 million across nine deals), a 44% decline compared to July 2023 (US\$352 million recorded across seven deals). Lastly, PIPE investments stood at US\$33 million across seven deals compared to US\$485 million across seven deals in July 2023, a decline of 93%.
- ▶ From a sector point of view, infrastructure was the top sector in July 2024, with US\$690 million in PE/VC investments across six deals, followed by e-commerce (US\$404 million) and healthcare (US\$307 million). These sectors cumulatively accounted for 52% of total PE/VC investments in July 2024.

PE/VC monthly headline trends: investments

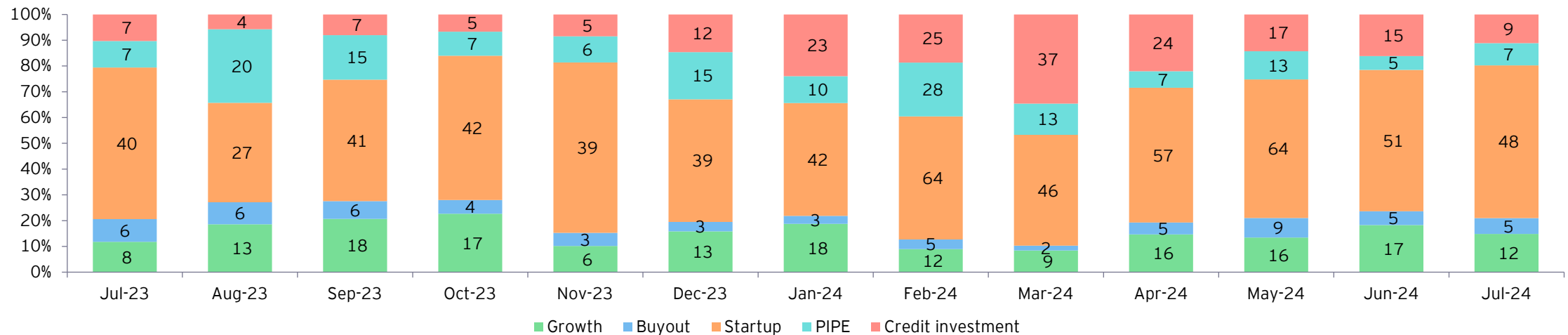


PE/VC monthly headline trends: investments

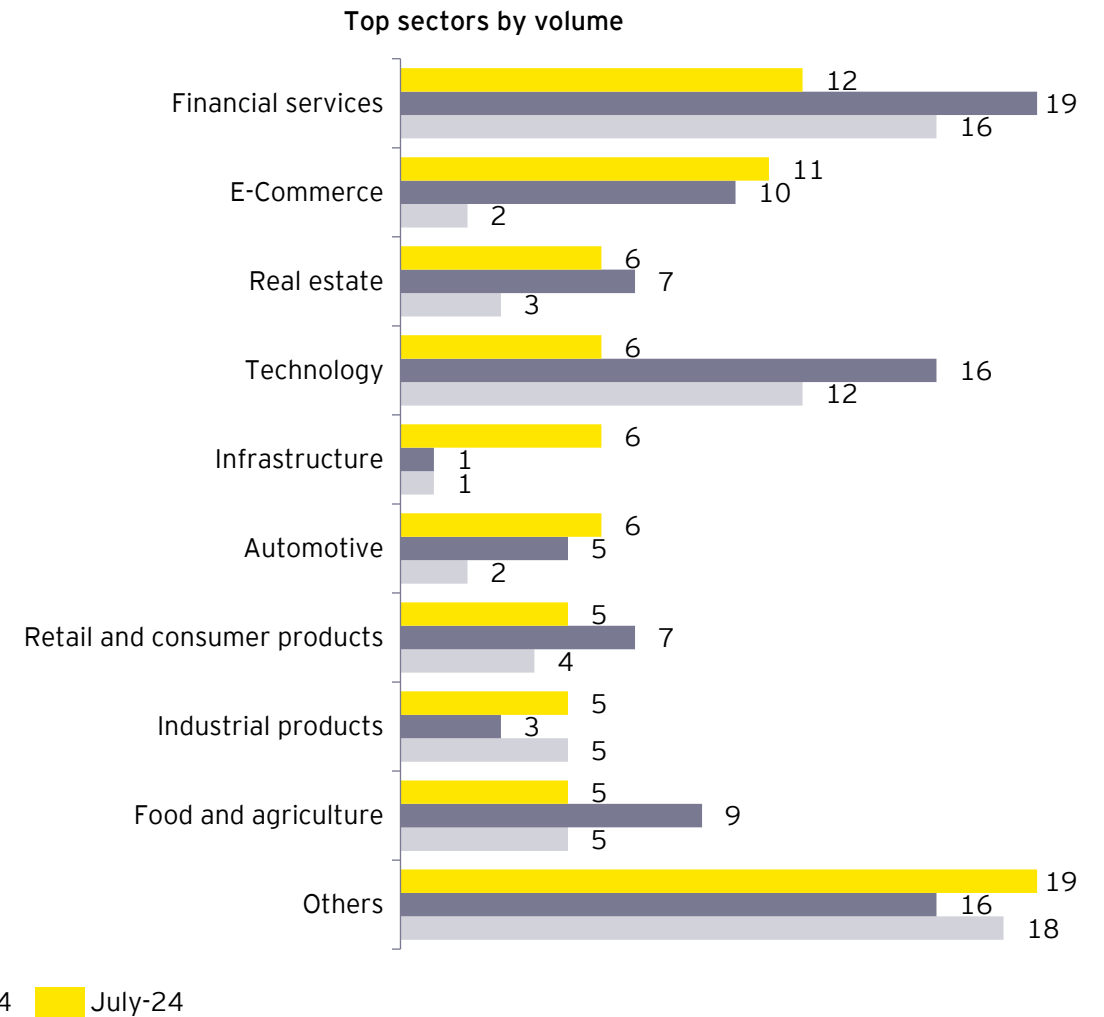
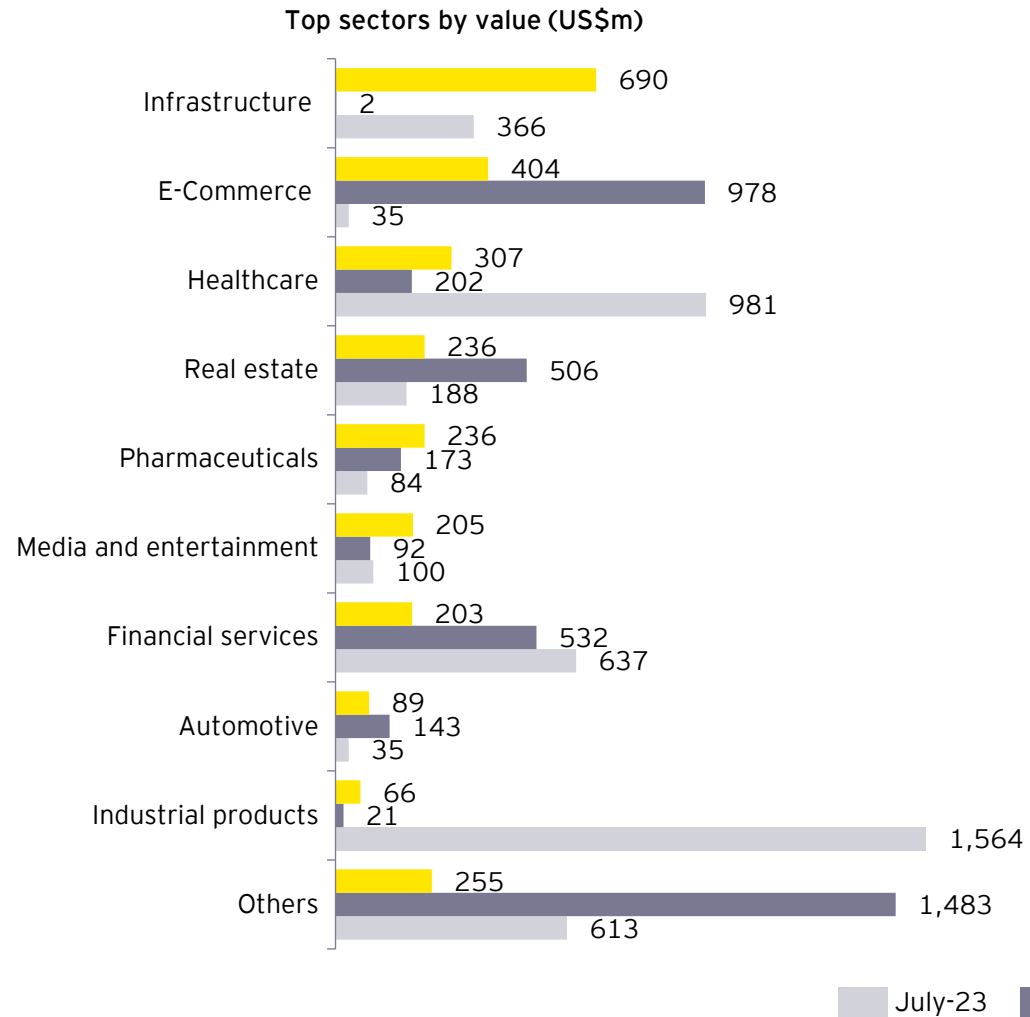
PE/VC investments: split across deal segments (value in US\$m)



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

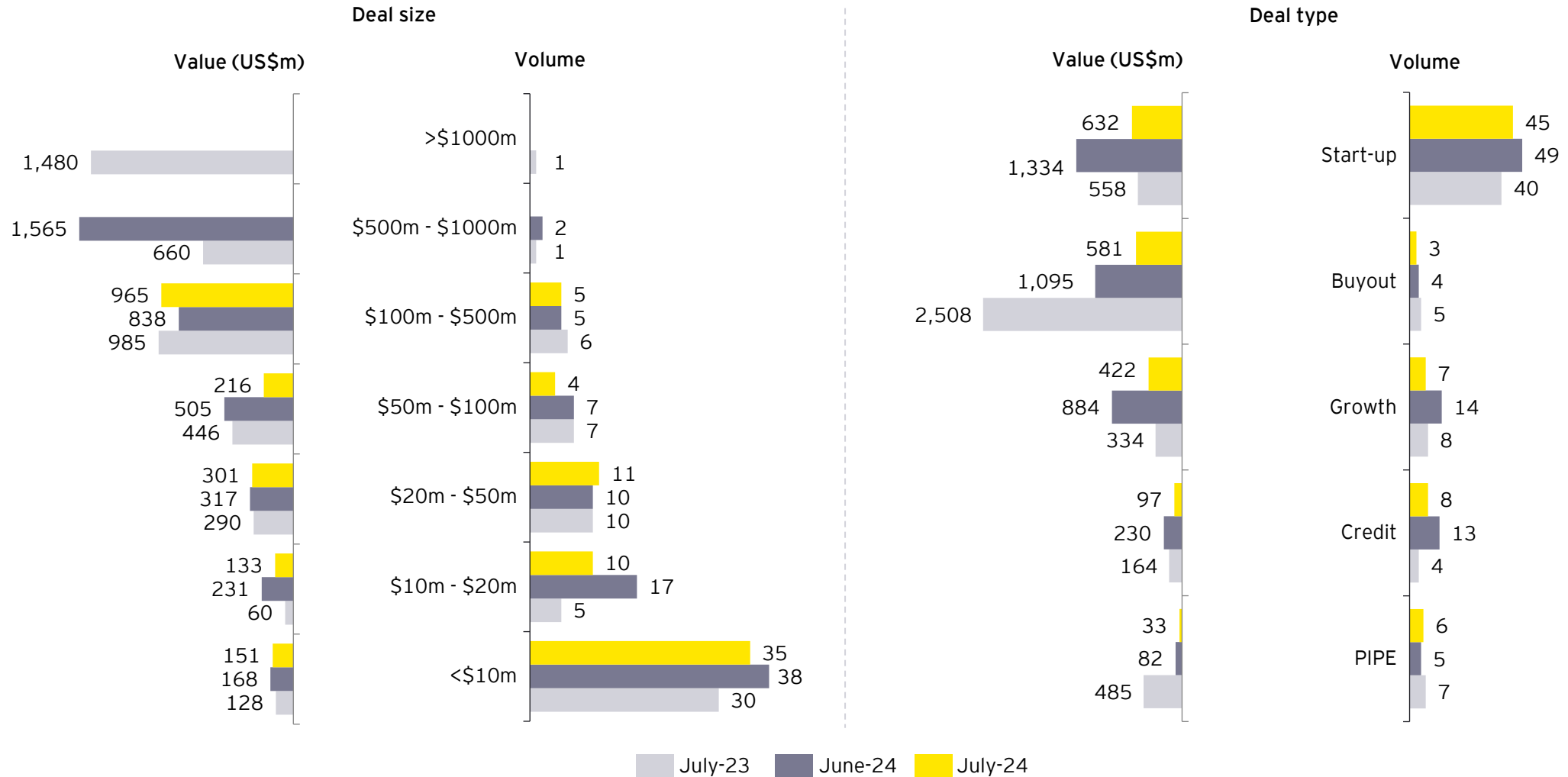


PE/VC investments: split by sector



July-23 June-24 July-24

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 for four deals in July 2023, six deals in June 2024 and four deals in July 2024

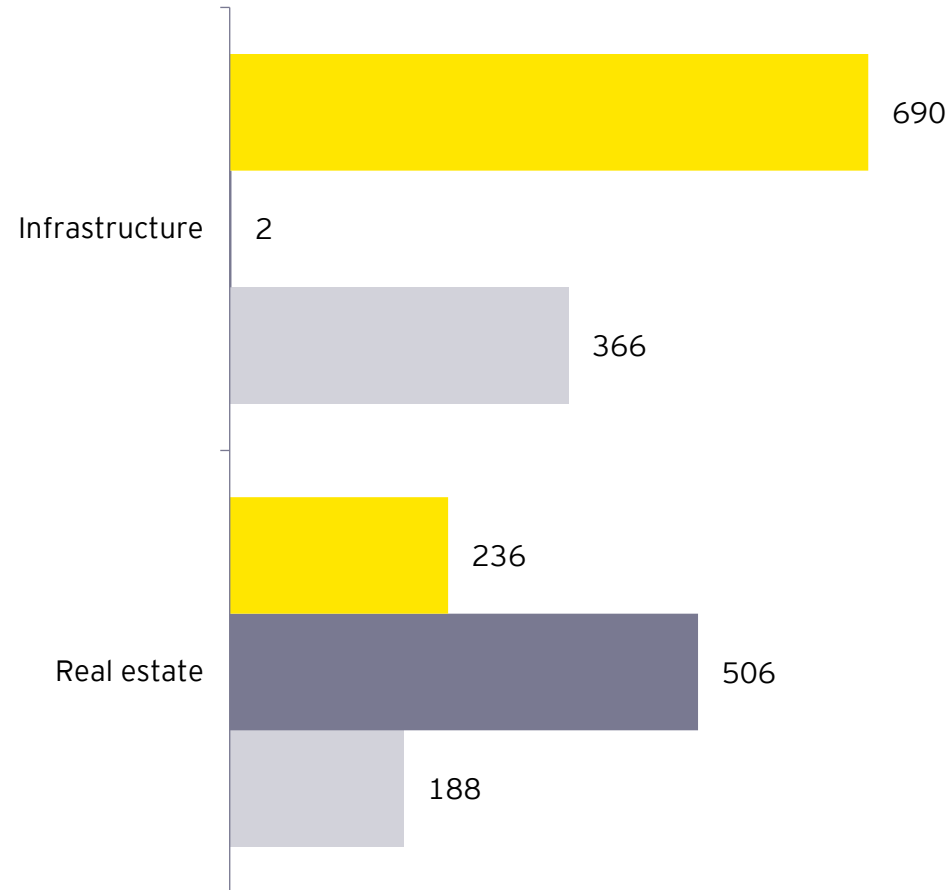
Top PE/VC investments

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

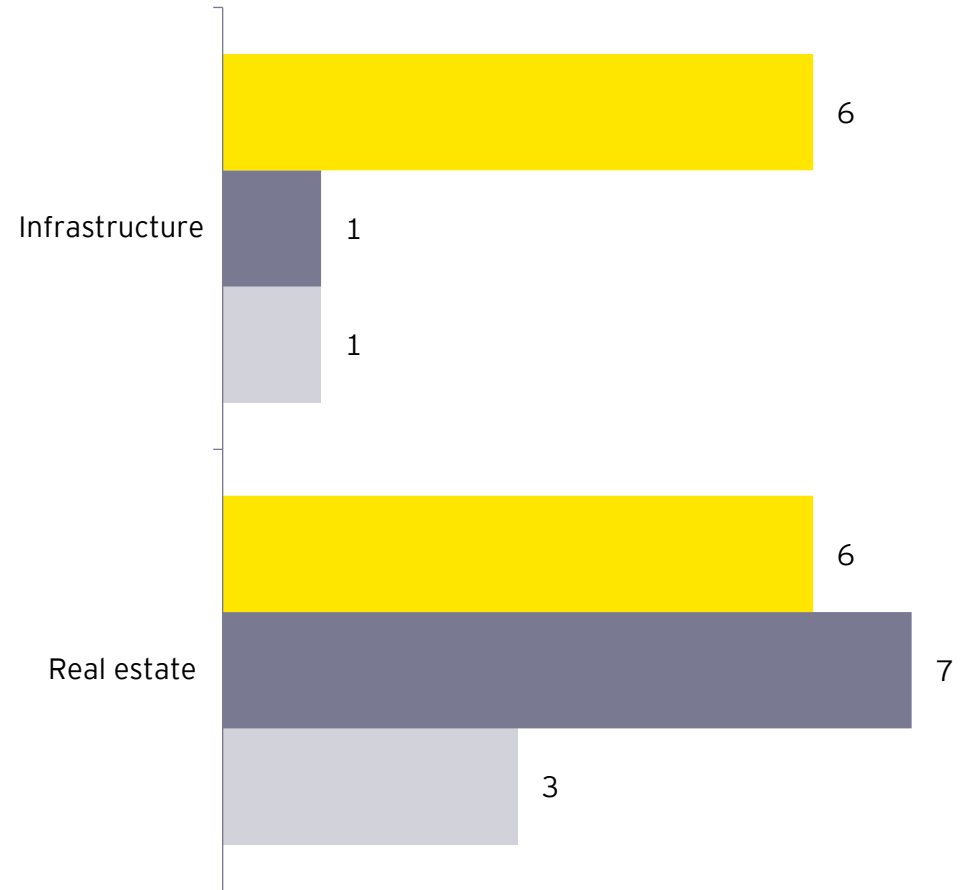
Company	PE investors	Sector	Stage	US\$m	Stake (%)
Baby Memorial Hospital	KKR	Healthcare	Buyout	300	70
Inventia Healthcare	Platinum Equity Advisors	Pharmaceuticals	Buyout	225	75
Double Negative India	United AI Saqer Group	Media and entertainment	Growth	200	10
Manash Lifestyle (Purplle.com)	ADIA	E-Commerce	Growth	120	9
Roppen Transportation Services (Rapido)	Westbridge Capital	E-Commerce	Start-up	120	12
Partior India Tech (Partior)	Peak XV, JP Morgan, Temasek and others	Financial services	Start-up	60	NA
Alchemist Infra Realty	Vantage Point Asset Management	Business and professional services	Buyout	56	100
OYO Hotels and Homes (OYO Rooms)	InCred Wealth	E-Commerce	Start-up	50	2
Urbanclap Technologies India (Urban Company)	Dharana Capital, VY Capital and Prosus	E-Commerce	Start-up	50	NA
Auxilo Finserve	LeapFrog, Trifecta and Xponentia	Financial services	Start-up	33	NA

PE/VC investments in infrastructure and real estate sectors

Top sectors by value (US\$m)

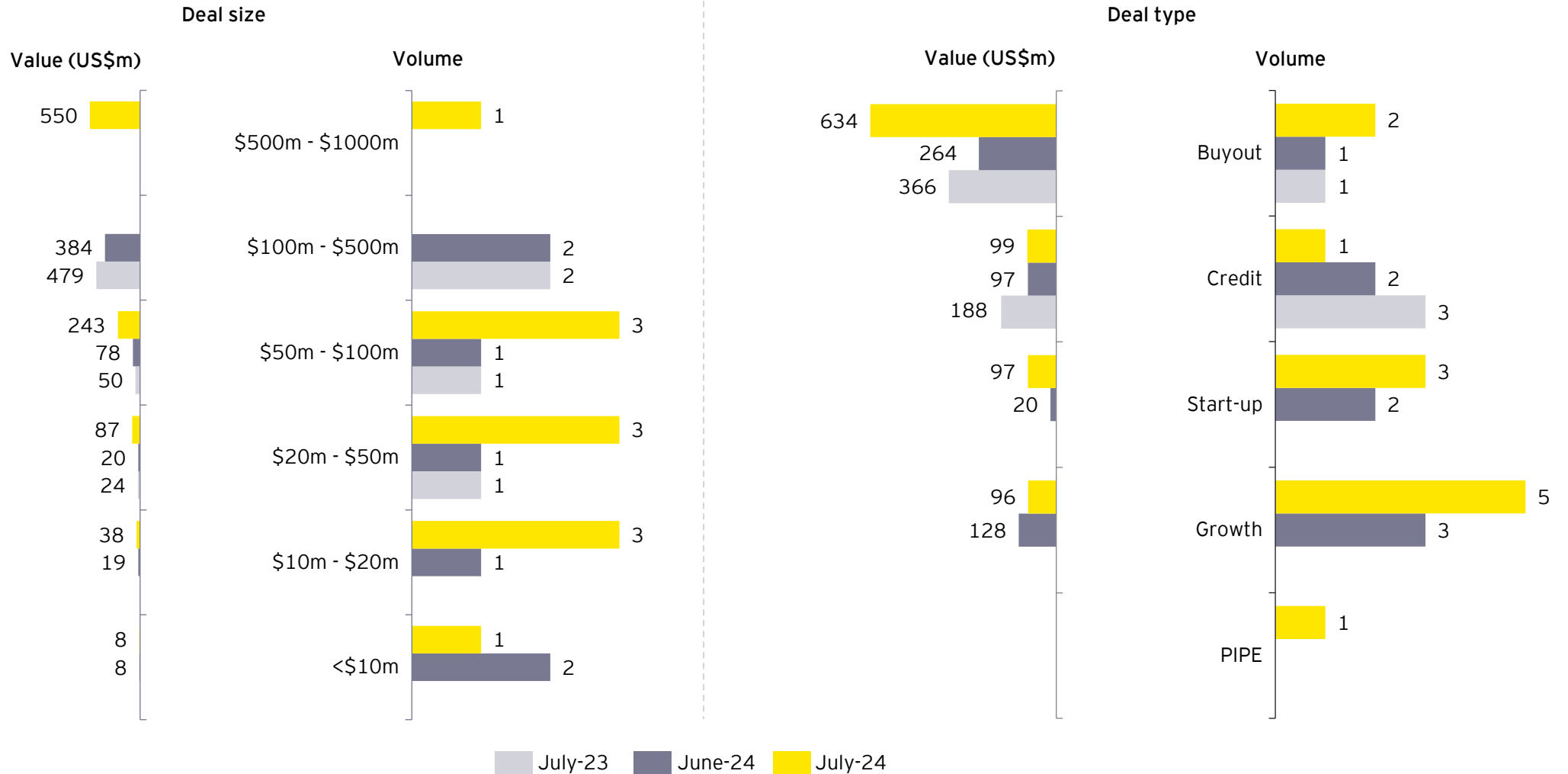


Top sectors by volume



July-23 June-24 July-24

PE/VC investments in infrastructure and real estate sectors



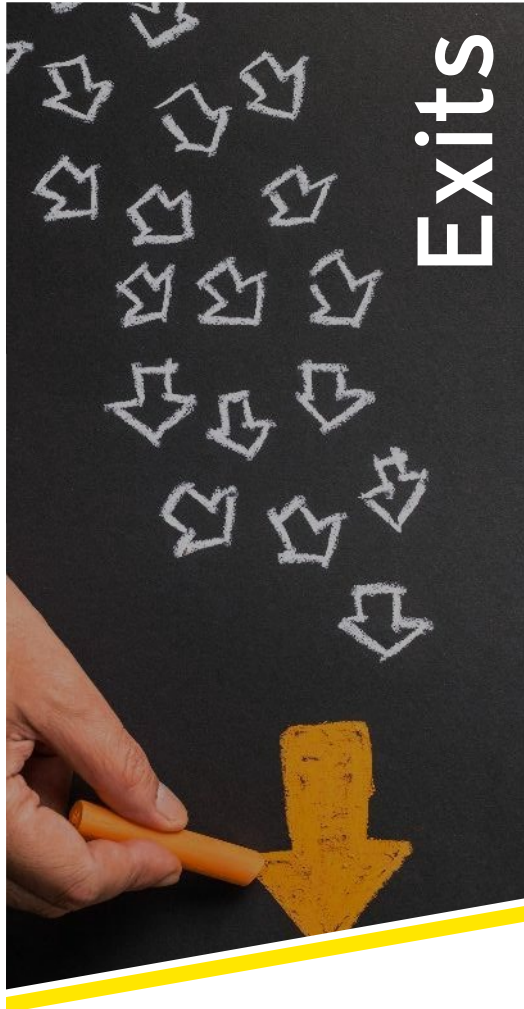
* PIPE: Private investment in public equity
 Note: Deal value not available for one deal in June 2024 and July 2024 each

Top infrastructure and real estate investments

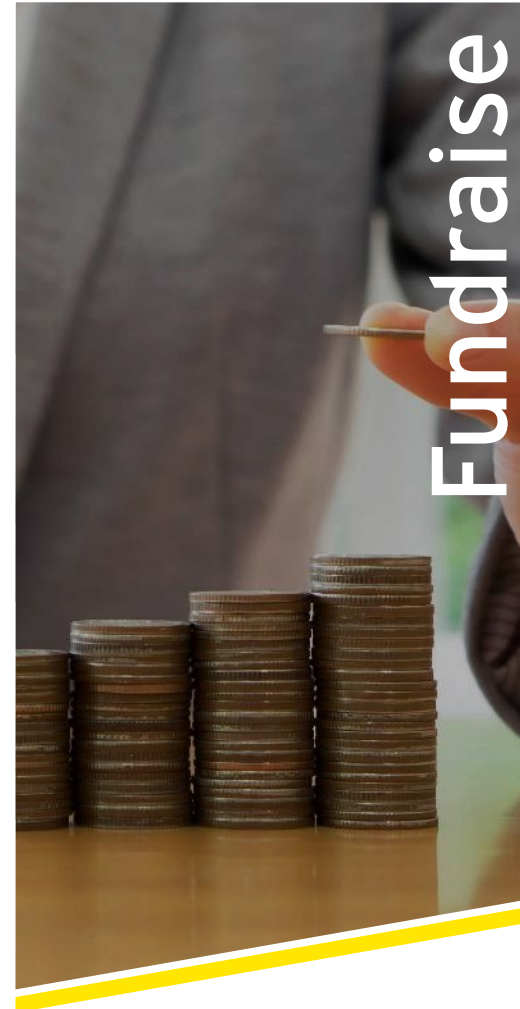
Top infrastructure and real estate investments in July 2024

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Leap Green Energy	Brookfield	Infrastructure	Buyout	550	NA
Ramanujan Intellion Park in Chennai	IFC	Real estate	Credit	99	NA
22-storey Navi Mumbai office tower (Building Q2 in Aurum Q Parc)	CapitaLand (Temasek)	Real estate	Buyout	84	100
Jupiter International	ValueQuest	Infrastructure	Growth	36	NA
BluPine Energy	TATA Capital	Infrastructure	Start-up	29	NA

Key trends

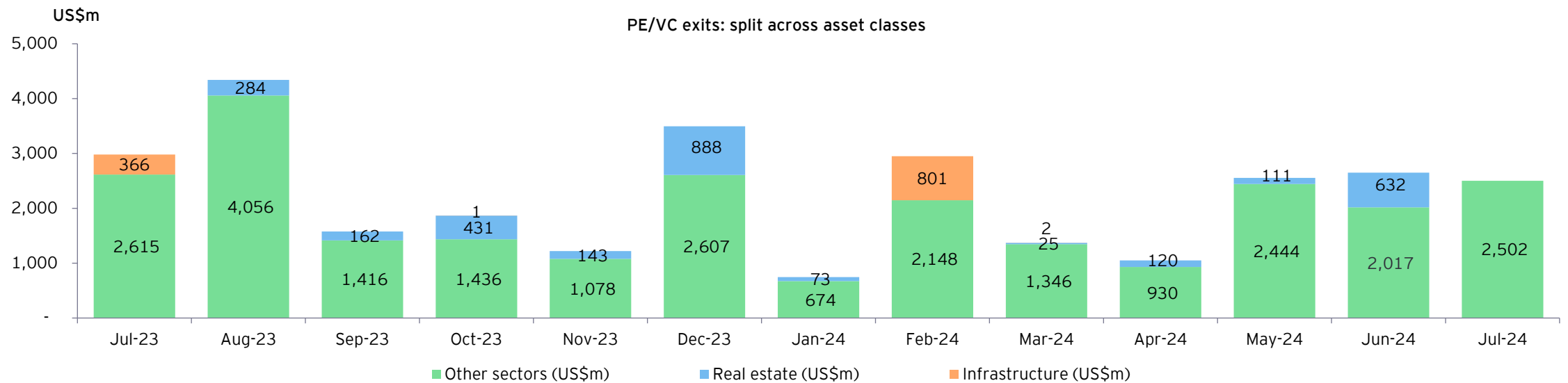
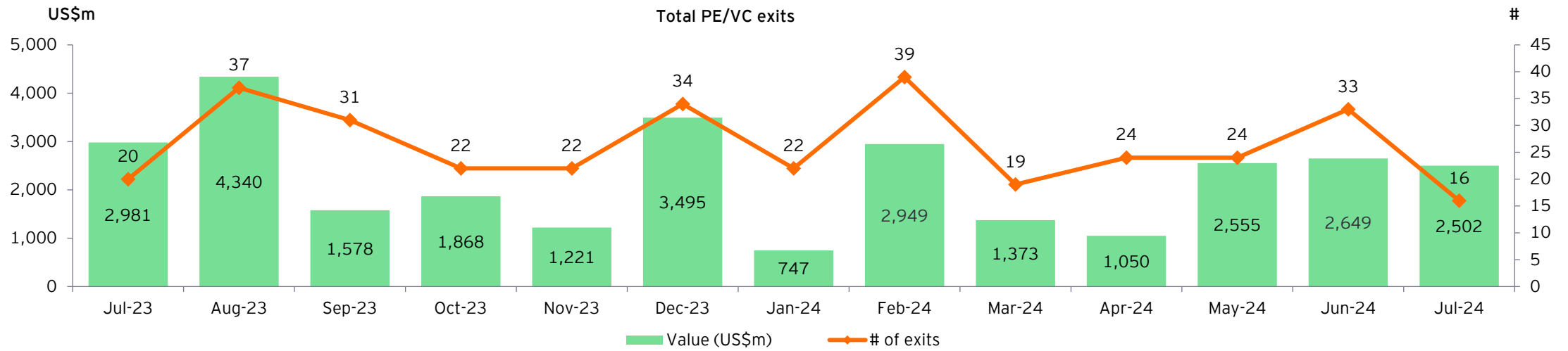


- ▶ July 2024 recorded 16 exits worth US\$2.5 billion, compared to US\$3 billion in July 2023 across 20 deals.
- ▶ Strategic exits were the highest in July 2024 at US\$1.6 billion across four deals, followed by open market exits at US\$582 million.
- ▶ The largest exit in July 2024 saw Advent selling 100% stake in Bharat Serums and Vaccines for US\$1.6 billion.

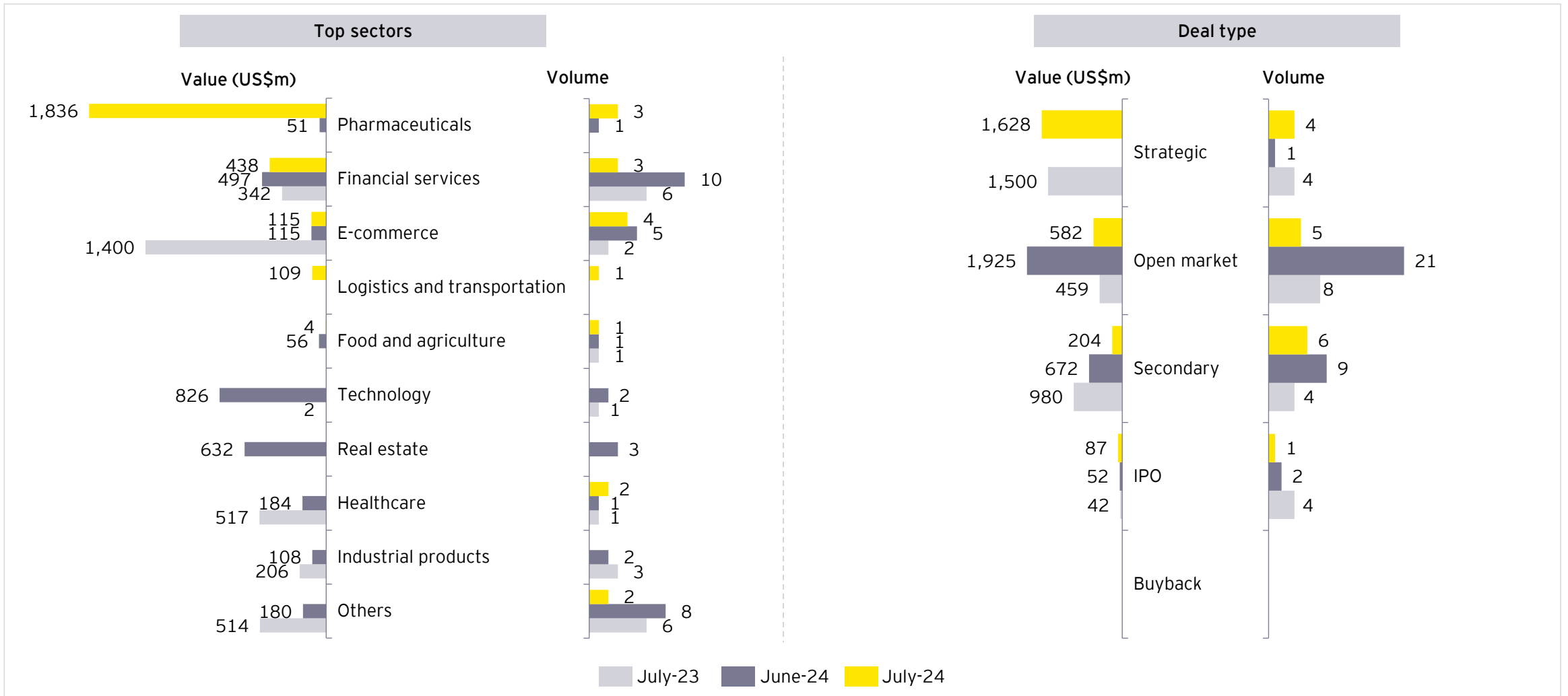


- ▶ July 2024 recorded a total fundraise of US\$434 million, across six funds, compared to US\$437 million raised in June 2024 and US\$240 million in July 2023.
- ▶ US\$140 million raised by Welspun One Logistics Parks was the largest fundraise in July 2024.

PE/VC monthly headline trends: exits



PE/VC monthly headline trends: exits



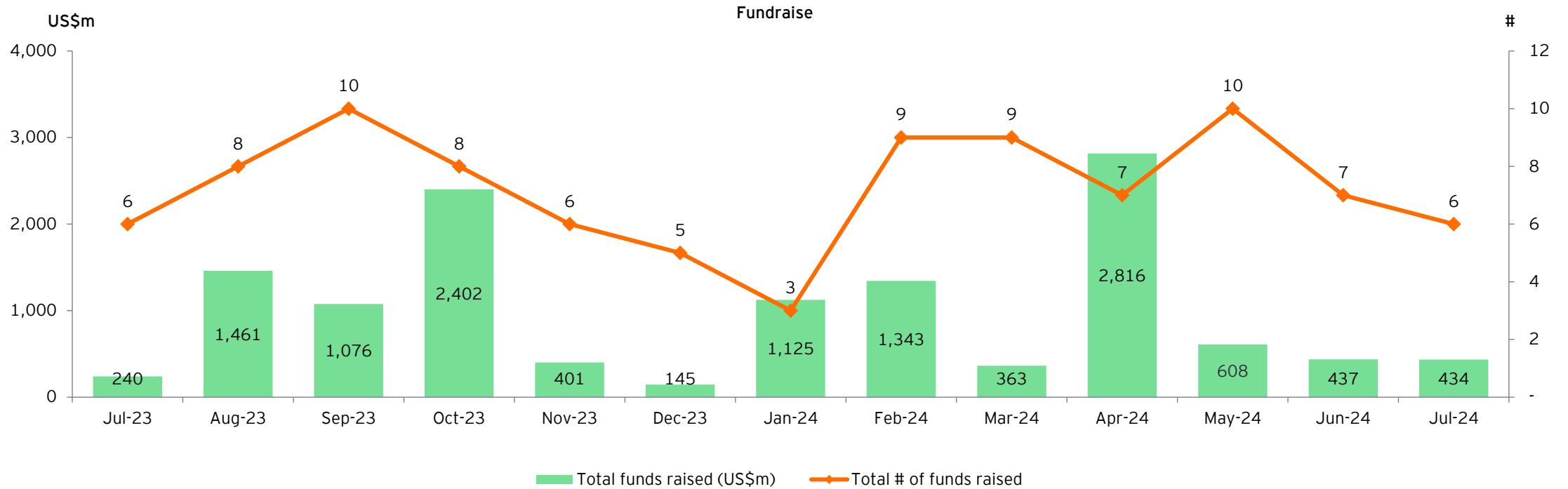
Note: Deal value not available for five exits in July 2023, six exits in June 2024, seven exits in July 2024.

Top exits

Top exits in July 2024

Company	Sector	Seller	Buyer	Stage	US\$m	Stake (%)
Bharat Serums and Vaccines	Pharmaceuticals	Advent International	Mankind Pharma	Strategic	1,628	100
PNB Housing Finance	Financial services	Carlyle (Quality Investment Holdings)	NA	Open market	308	13
RBL Bank	Financial services	BPEA EQT	NA	Open market	130	8
Inventia Healthcare	Pharmaceuticals	InvAscent Capital and Jacob Ballas	Platinum Equity Advisors	Secondary	120	40
Delhivery	Logistics and transportation	CPPIB	NA	Open market	109	3
Emcure Pharmaceuticals	Pharmaceuticals	Bain Capital	NA	IPO	87	4
Manash Lifestyle (Purp1le.com)	E-commerce	Blume Ventures, Verlinvest, Goldman Sachs, IvyCap Ventures and others	ADIA	Secondary	84	6
FSN E-Commerce Ventures (NYKAA)	E-commerce	CPPIB	NA	Open market	31	1

PE/VC monthly headline trends: fundraise



Fundraise

Top fundraising in July 2024

Status	Fund	PE/VC GP	US\$m	Strategy
Announced	Anicut Capital Credit Fund 3	Anicut Capital	179	To support companies in the pre-IPO stage
Raised	Welspun One Logistics Parks Fund 2	Welspun One Logistics Parks	140	Urban distribution centres, cold chain, agro-logistics, and port and airport-based logistics
Announced	Promaft Partners maiden fund	Promaft Partners	120	Sector-agnostic fund with a focus on consumer healthcare and software-as-a-service (SaaS)
Raised	Global Emerging Markets Growth Opportunities Fund II (GEMCO II)	Siguler Guff	110	Consumer, healthcare, technology, technology-enabled services and financial services
Announced	Lightbox continuation fund	Lightbox	100	Continuation fund to back some of its mature portfolio companies

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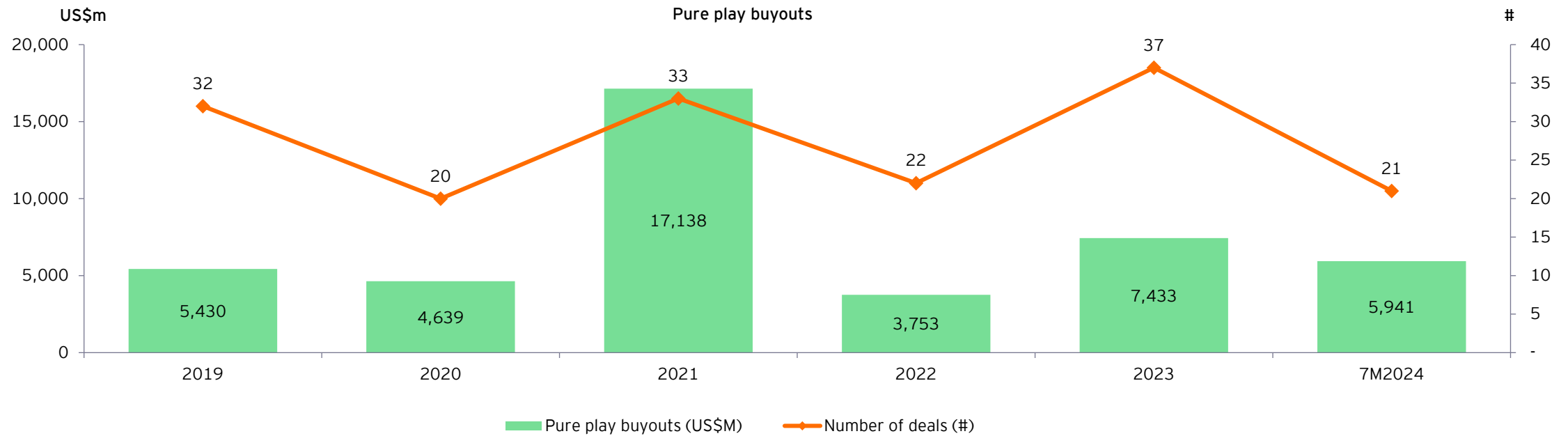
Spotlight: pure play buyouts

Spotlight: pure play buyouts (2019 - July 2024)

- ▶ Over the last 4-5 years, the buyout investment strategy has gained significant momentum within the broader Indian PE/VC landscape. In the past few years, we have witnessed an increasing number of buyouts complemented by large deal sizes despite uncertainties and geopolitical tensions.
- ▶ Buyout transactions have evolved from targeting small companies to encompassing large-cap deals. Some of them involved taking control of long-standing businesses with strong growth potential.
- ▶ Taking the last five-year's view (since 2019), buyouts secured the third rank among investment strategies after start-up and growth for PE/VC investors, recording a cumulative value of US\$44.3 billion across 165 deals, which accounts for 20% of overall PE/VC investments in the pure play class. Compared to buyouts in real estate and infrastructure asset classes, pure play buyouts were higher by 13% in value terms. (US\$39.3 billion across 147 deals).
- ▶ After an all-time high for buyouts in 2021 (US\$17.1 billion), a 78% year-on-year decline was observed in 2022. However, it rebounded in 2023, registering an impressive 98% growth to reach US\$7.4 billion, compared to US\$3.8 billion in 2022. Buyouts in 2024 (till July) have already accounted for 80% of the buyout investments in the previous year (US\$5.9 billion).
- ▶ In the pure play asset class, buyouts have accounted for 20%, 12%, 26%, 9%, 23% and 29% of the overall pure play PE/VC investments each year since 2019 to 7M2024. This growing trend highlights the preference of PE/VC investors for buyouts as an investment strategy. Some of the key PE funds that were involved in buyout deals include Blackstone, Advent, BPEA EQT, Warburg, CVC, TPG, PAG and KKR.
- ▶ From a sector perspective, the technology sector dominated both in terms of value and volume (US\$18.5 billion across 31 deals). Financial services followed with buyouts totaling US\$7 billion. Pharmaceuticals ranked third with buyouts totaling US\$5.6 billion. These sectors accounted for 70% of the overall buyouts since 2019. Other sectors that followed were healthcare (US\$4 billion), industrial products (US\$3.7 billion), and retail and consumer products (US\$1.5 billion).
- ▶ Overall, the buyouts trend in India reflects the increasing maturity of the PE/VC market and the growing confidence of investors in their ability to identify and unlock value in not only the established businesses but also in high potential early-stage companies.

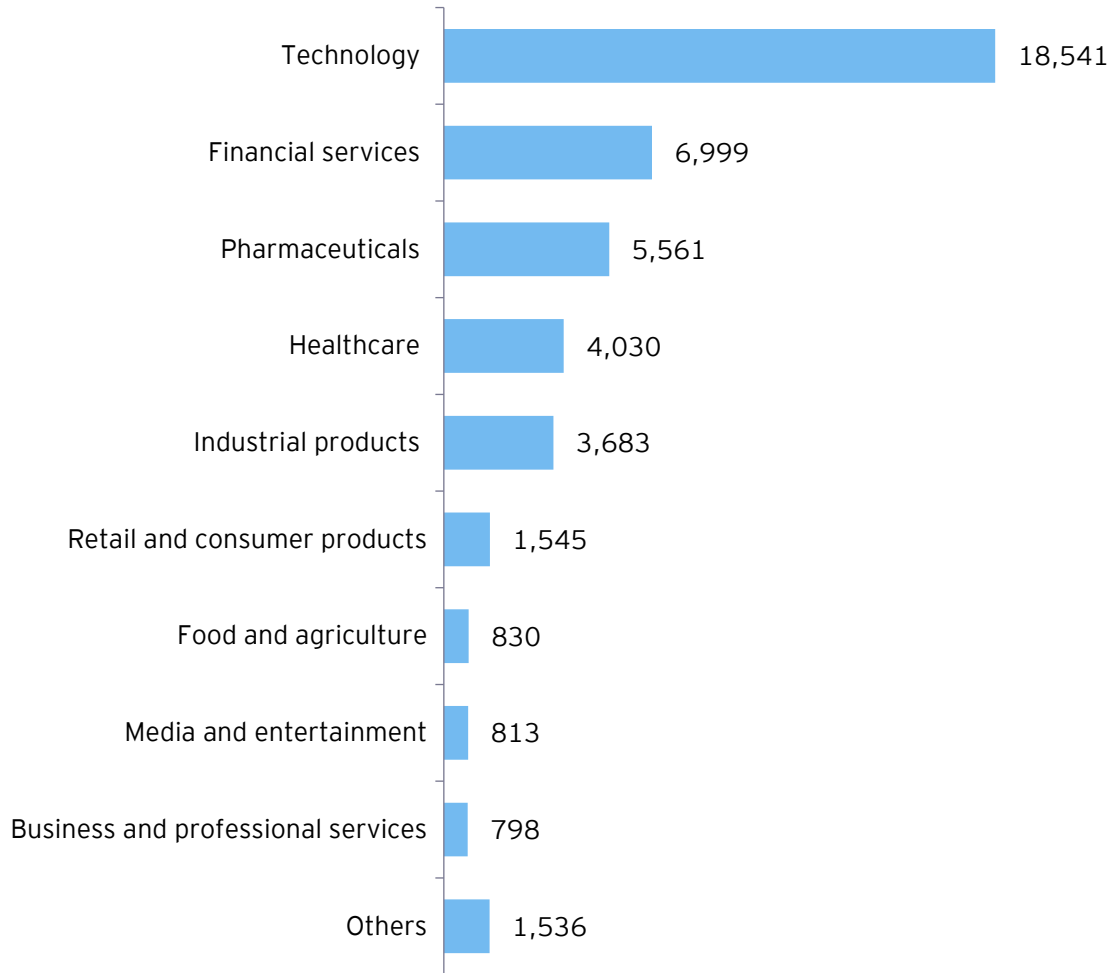


Spotlight: pure play buyouts (2019 - July 2024)

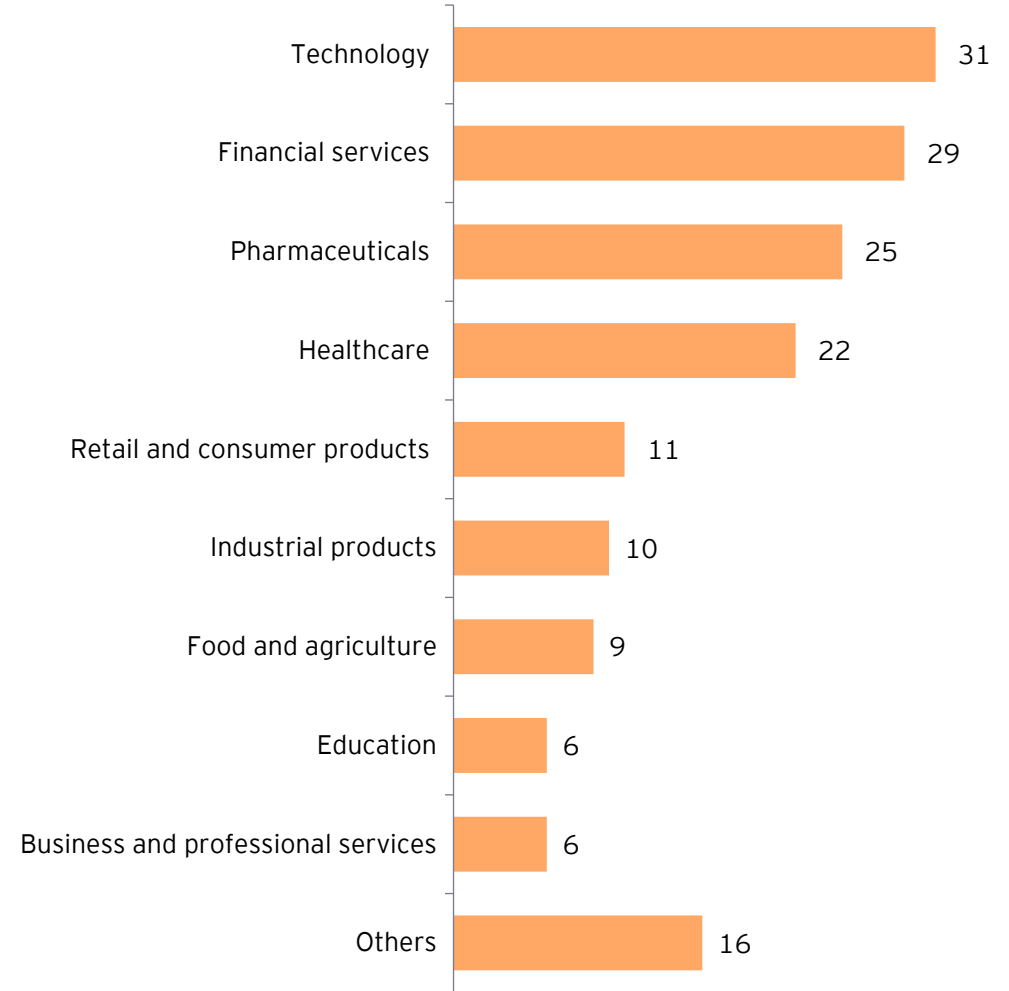


Spotlight: pure play buyouts (2019 - July 2024)

Top sectors by value (US\$m)

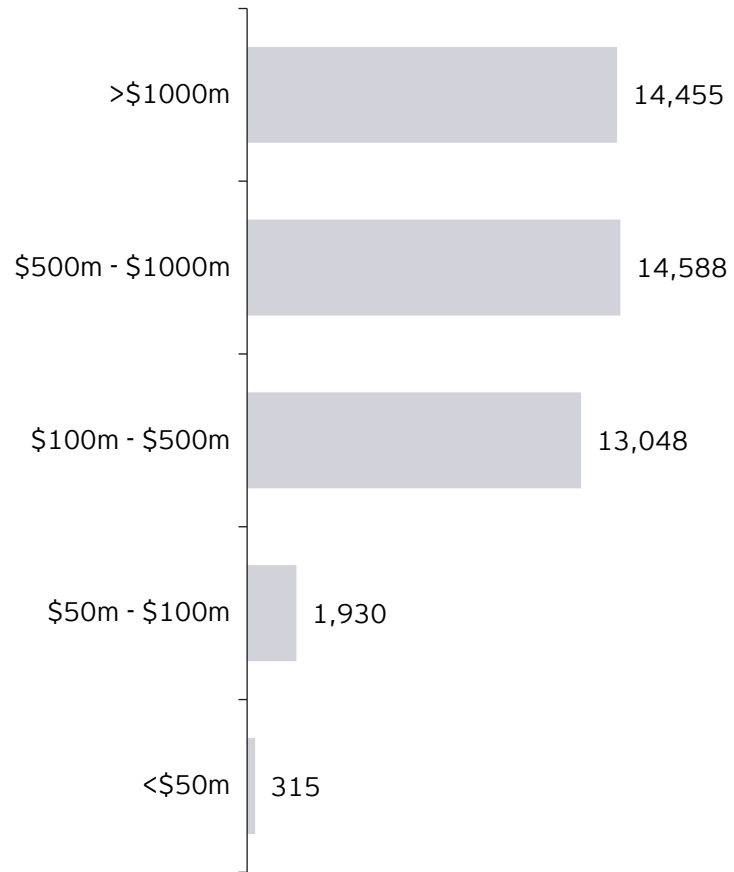


Top sectors by volume (#)

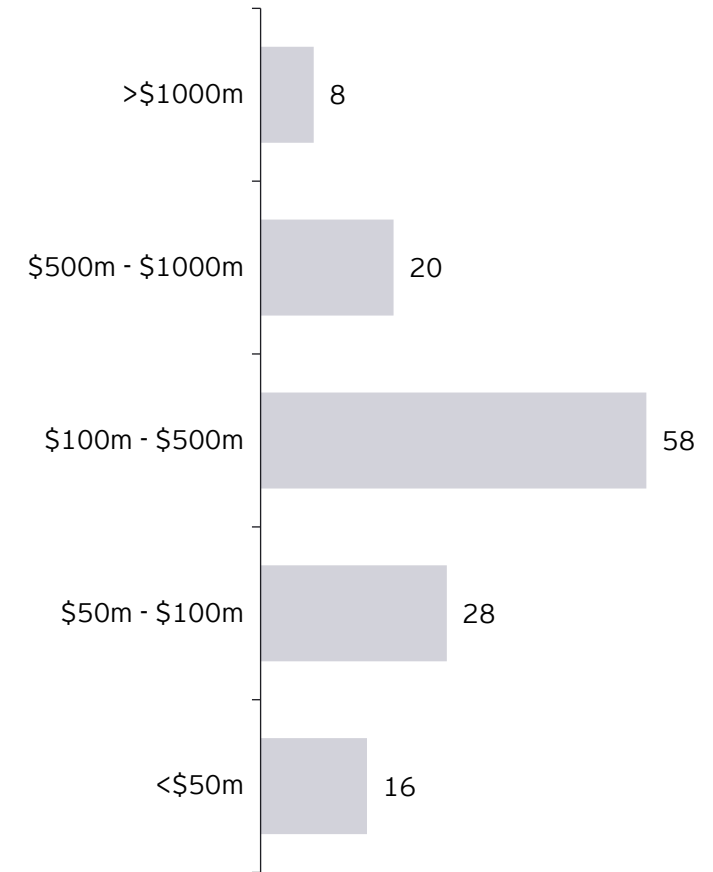


Spotlight: pure play buyouts (2019 - July 2024)

Deal size by value (US\$m)



Deal size by volume (#)



Note: Deal value not available for 35 deals.

Spotlight: pure play buyouts (2019 - July 2024)

Top pure play buyouts 2019 - July 2024

Investee	Investor	Sector	Year	US\$m	Stake (%)
Hexaware Technologies	Carlyle	Technology	2021	3,000	100
Mphasis	Blackstone, ADIA, UC Invest, GIC	Technology	2021	2,800	~75
VFS Global Services	Blackstone	Technology	2021	1,870	75
Encora	Advent	Technology	2021	1,500	80
Vertelo	Macquarie	Financial services	2024	1,500	100
Gemstar Infra Pte (Smart Meters JV)	GIC	Industrial products	2023	1,480	74
Hinduja Global Solutions, Healthcare Services Business	BPEA EQT	Technology	2021	1,200	100
HDFC Credila Financial Services	BPEA EQT, ChrysCapital	Financial services	2023	1,105	90
ASK Group	Blackstone	Financial services	2021	1,000	74
Piramal Glass	Blackstone	Industrial products	2020	1,000	100

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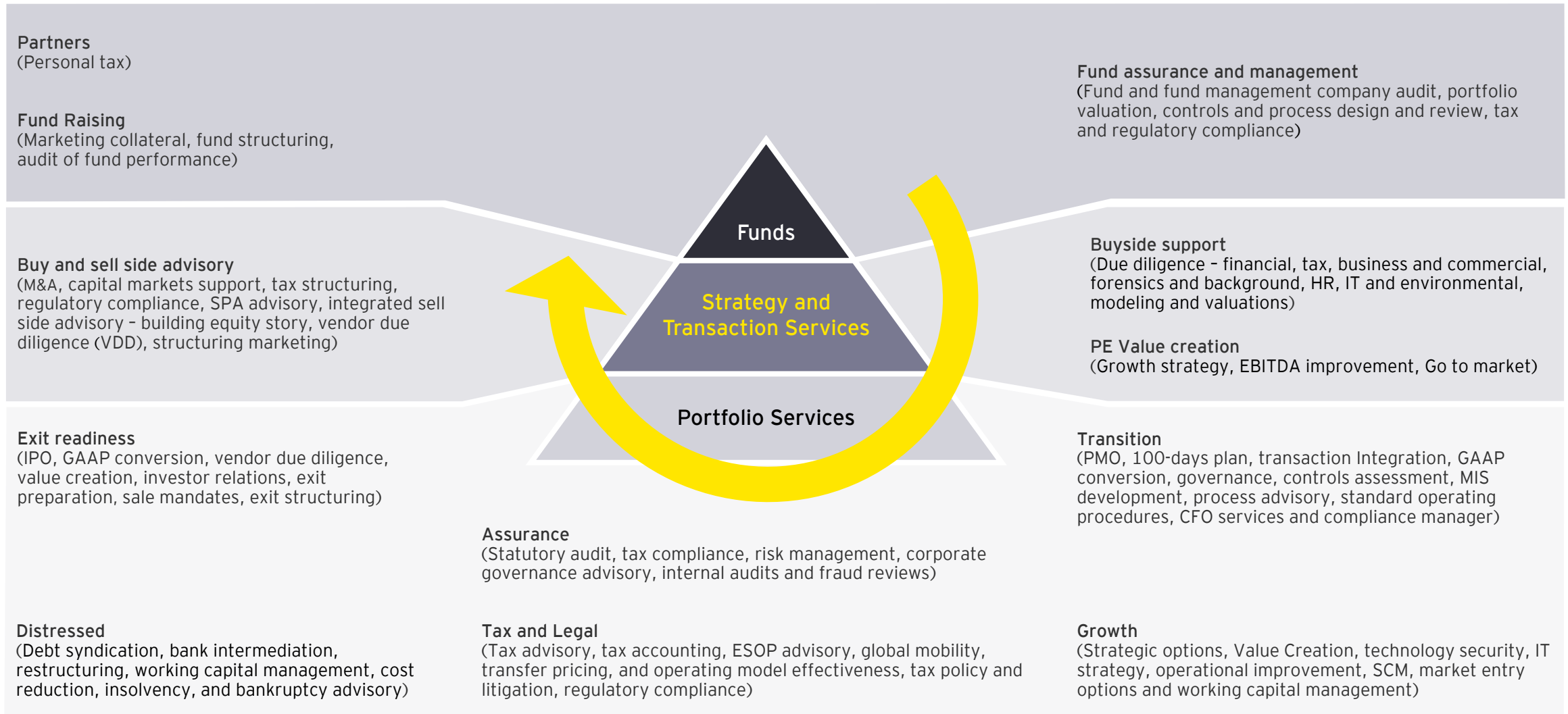
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- ▶ Our India Private Equity Services practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012, 2017 and 2020 and for M&A in 2018 and 2019.
- ▶ EY has been ranked a #1 Financial Advisor for over a decade across Mergermarket, Thomson Reuters and Bloomberg**. Our position as the foremost M&A advisor in the Indian mid-market enables us to create a robust deal origination pipeline for our PE/VC clients, acting as the tip of the spear of what is India's dominant PE Services practice.
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** for most number of deals

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 @EY_India  EY  YouTube EY India  EY Careers India  @ey_indiacareers

Contacts

Private Equity Services

Vivek Soni
Partner and National Leader
E: Vivek.Soni@in.ey.com

Varun Kaila
Director
E: Varun.Kaila@in.ey.com

Narendra Rohira
Partner, Transaction Tax
E: Narendra.Rohira@in.ey.com

Nachiket Deo
Partner, Transaction Tax
E: Nachiket.Deo@in.ey.com

Subramaniam Krishnan
Partner, Tax & Regulatory Services
E: Subramaniam.Krishnan@in.ey.com

Tejas Desai
Partner, Tax & Regulatory Services
E: Tejas.Desai@in.ey.com

Strategy and Transactions (SaT)

Amit Khandelwal
Managing Partner, SaT
E: Amit.Khandelwal@in.ey.com

Ajay Arora
Partner and National Leader
Investment Banking Advisory
E: Ajay.Arora@in.ey.com

Kuldeep Tikkha
Partner and National Leader
Transaction Diligence
E: Kuldeep.Tikkha@in.ey.com

Advisory

Sardul Seth
Partner, Business Consulting
E: sardul.seth@in.ey.com

Anurag Gupta
Partner, Business Consulting
E: anurag.gupta2@in.ey.com

Research and Insights

Shantanu Kulkarni
Manager
E: Shantanu.Kulkarni@in.ey.com

Shubham Deshpande
Assistant Manager
E: shubham.deshpande@in.ey.com

Brand, Marketing and Communications

Bhavisha Jogi
Vice President
E: Bhavisha.Jogi@in.ey.com

Harshpreet Singh
Associate
E: Harshpreet.Singh@in.ey.com





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IVCA

About IVCA

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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.

Contacts

Rajat Tandon

President, IVCA

E: Rajat.Tandon@ivca.in

Aakriti Bamniyal

Senior Vice President, IVCA

E: aakriti@ivca.in

