

Will the past be the
prologue for private
equity?

IVCA-EY PE/ VC Roundup



The better the question. The better the answer.
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Building a better
working world

Foreword and outlook

“

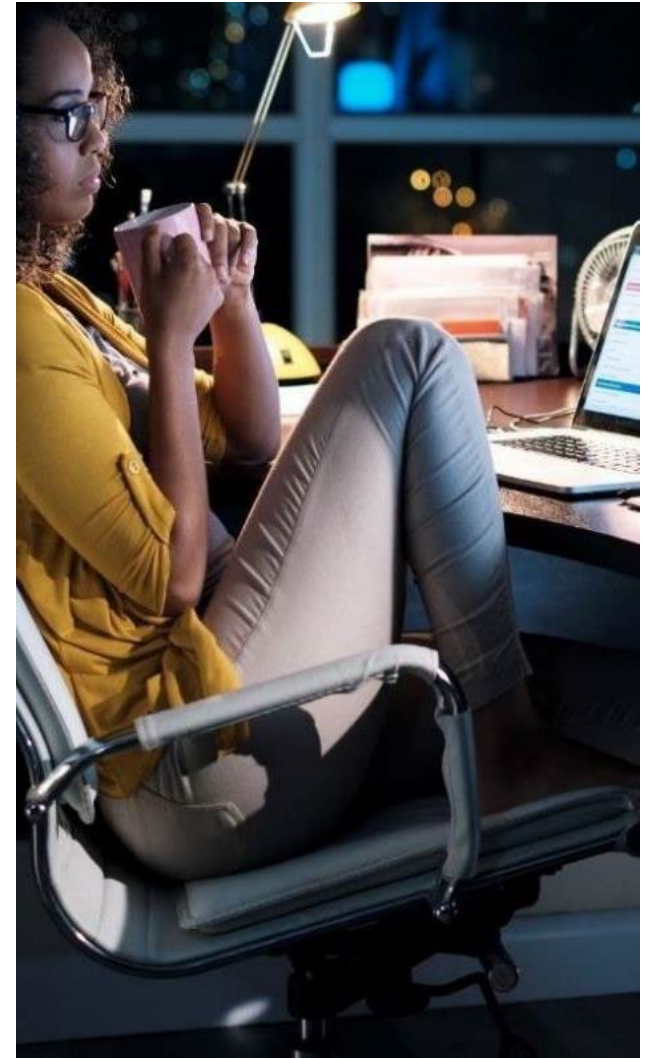
April 2022 recorded US\$5.5 billion in PE/ VC investments, 27% lower than April 2021 and 11% higher than March 2022. Growth investments were back at the top after nine months with more than 2x growth y-o-y while monthly start-up investments recorded a 50% y-o-y decline.


The US Fed has started tightening monetary policy with a 50 bps interest rate hike and business risk premium /discount rate has gone up globally, which has had a significant negative impact on valuations of listed loss-making but growth-oriented start-ups. This is expected to have a spill over effect in private capital side as well. Both start-up valuations and deal closures could see some slowdown in the coming few months.

Nonetheless, overall PE/ VC investment flows in the Indian market continue to remain strong amidst global headwinds. The largest deal in April 2022 saw Verse Innovations raise a funding round of US\$805 million which is the second largest in the media and entertainment sector. Riding on the post pandemic shift in consumer preference towards consuming content and entertainment online, the Indian media and entertainment sector has seen a surge in investments since 2021. The spotlight section of our report covers this in more detail.

In the absence of large strategic and secondary deals, PE/ VC exits remained subdued at US\$1.2 billion. With capital markets remaining volatile, PE/ VC backed IPOs are expected to be pushed further back and those that are going ahead with their listing plans, are revisiting both issue size as well as valuations.

While the US Fed tightening is expected to reduce global liquidity, the larger international funds are sitting on large amounts of dry powder raised last year. India, which remains one of the few large economies with strong growth, is expected to lead emerging market capital allocations. Downside risks that can temper growth expectations and PE/ VC investment activity include rising inflation, oil prices, dollar appreciation vs Indian Rupee and rising Indian interest rates.



A hand in a grey suit sleeve is shown in the foreground, holding a single coin between the thumb and index finger. Below the hand, several stacks of coins are visible, increasing in height from left to right. The background is a blurred green outdoor scene.

Is private equity rewriting what value means?

Explore the emergence of NextWave private equity and its impact on the economy and society.

Monthly trend analysis: April 2022

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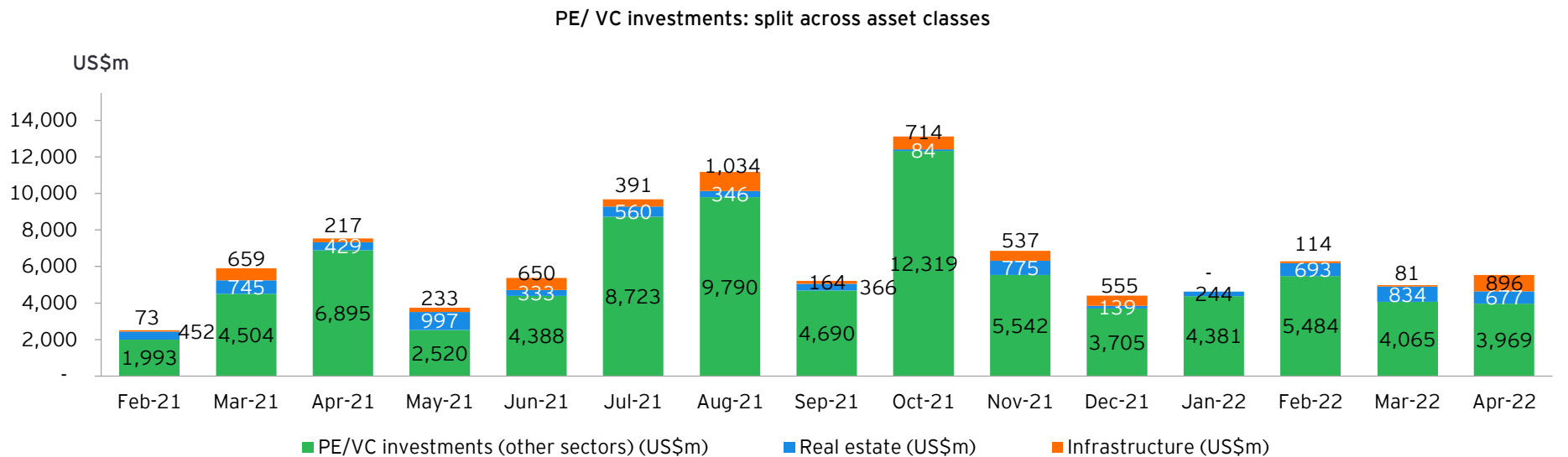
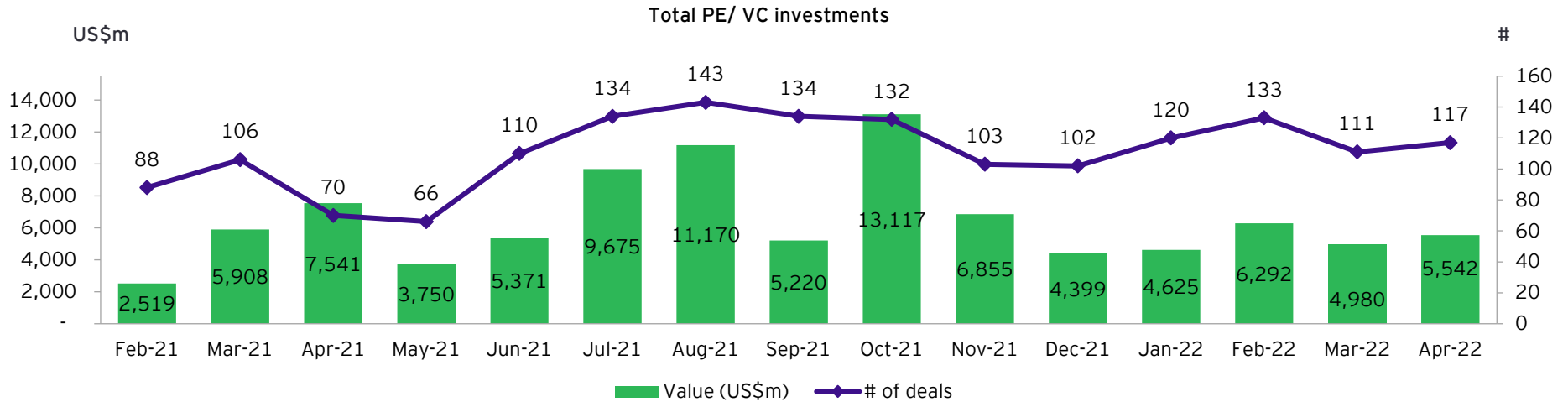


Key trends

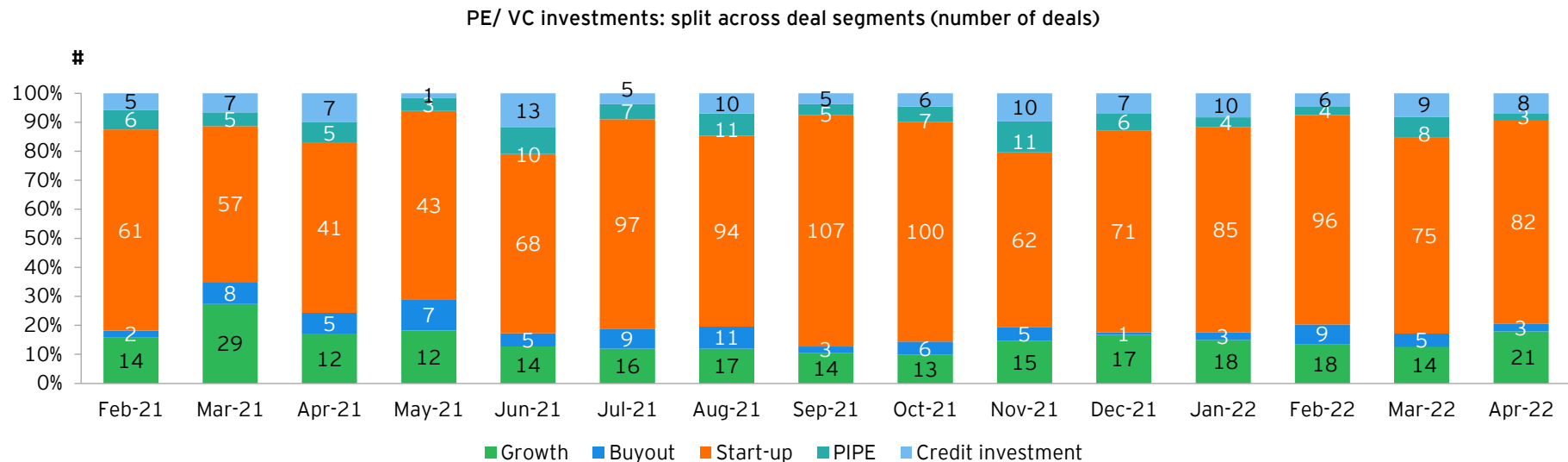
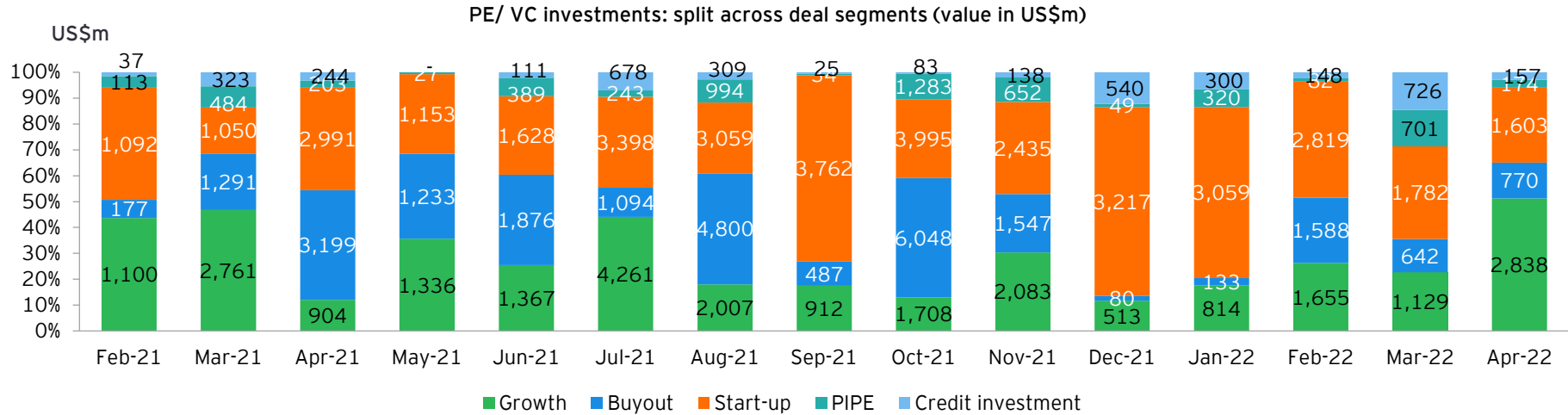
Investments

- ▶ PE/ VC investments in April 2022 were ~US\$5.5 billion, 27% lower than the value recorded in April 2021 (US\$7.5 billion) and 11% higher than investments in March 2022 (US\$5.0 billion). April 2022 recorded 117 deals, 67% higher than April 2021 (70 deals) and at par with deals in March 2022 (111 deals). 72% of the total PE/ VC investments in April 2022 were pure play investments (excluding real estate and infrastructure sectors) compared to 92% in April 2021.
- ▶ April 2022 recorded 16 large deals (deals of value greater than or equal to US\$100 million) aggregating US\$4.0 billion, compared to 17 large deals worth US\$6.3 billion in April 2021 and 12 deals worth US\$2.7 billion in March 2022. The largest deal in April 2022 saw OTTP, CPPIB, Sumeru Ventures and others invest US\$805 million in Verse Innovations, that owns Dailyhunt (a content and news aggregator platform) and Josh (a short format video platform).
- ▶ By deal type, growth deals received maximum PE/ VC investments in April 2022 at US\$2.8 billion across 21 deals (US\$904 million in April 2021 across 12 deals). Growth investments have obtained the monthly top spot after a period of nine months and account for 51% of all investments in April 2022. Start-up investments were the second highest with US\$1.6 billion invested across 82 deals (US\$3.0 billion across 41 deals in April 2021). Buyouts recorded US\$707 million across three deals (five deals worth US\$3.2 billion in April 2021). PIPE investments recorded US\$174 million across three deals (five deals worth US\$203 million in April 2021). Credit investments recorded US\$157 million across eight deals (US\$244 million across seven deals in April 2021).
- ▶ From a sector point of view, financial services was the top sector in April 2022 with US\$1.5 billion in PE/ VC investments across 22 deals (US\$616 million across 13 deals in April 2021). After a long time, infrastructure sector recorded large deals, taking the second spot with US\$896 million invested across six deals (US\$217 million invested across five deals in April 2021). This was mainly on account of the US\$516 million investment in TATA Power's renewable energy arm by Blackrock and Mubadala. The third largest sector was media and entertainment with US\$840 billion recorded across six deals (US\$515 million across three deals in April 2021), propped up by the large US\$805 million PE/ VC investment in Verse Innovations.

PE/ VC monthly headline trends: investments

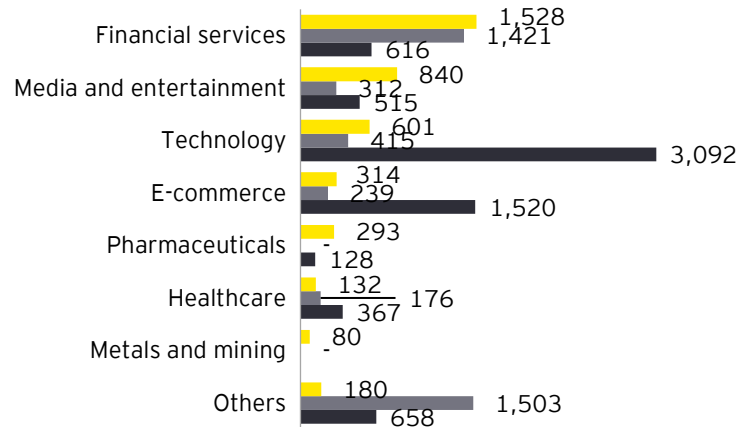


PE/ VC monthly headline trends: investments

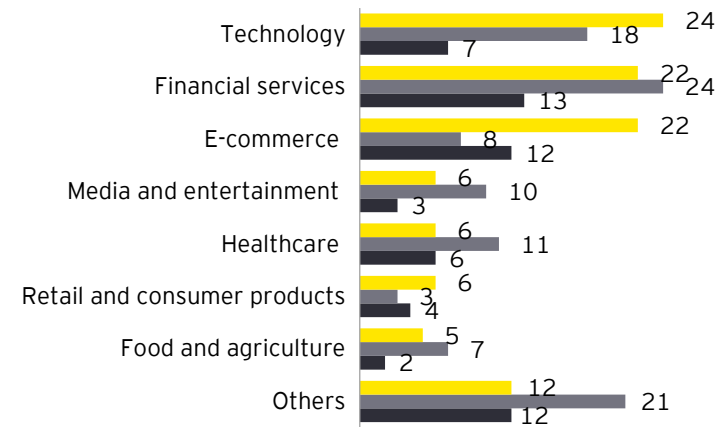


PE/ VC investments: US\$3,969 million over 103 deals (excluding infrastructure and real estate investments)

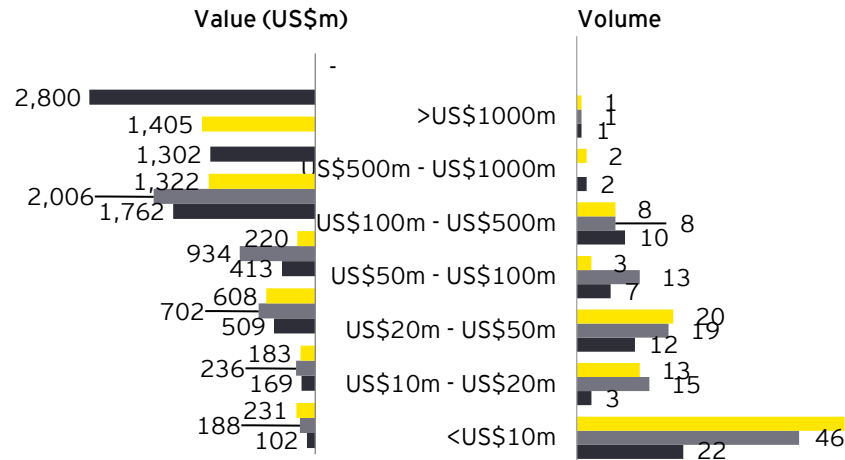
Top sectors by value US\$m



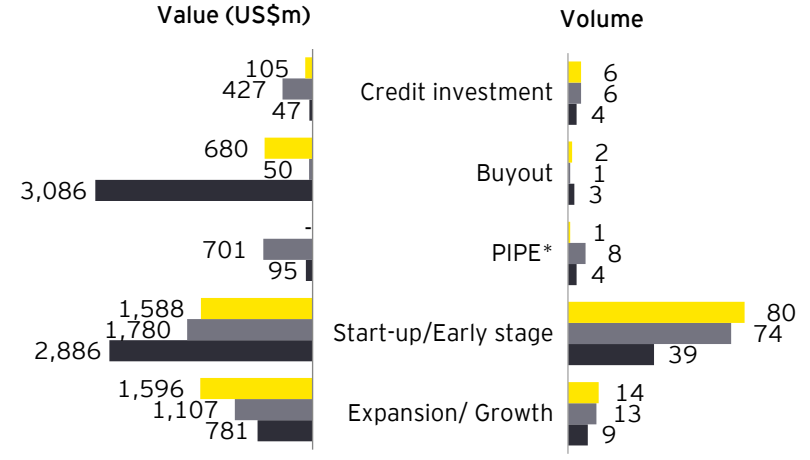
Top sectors by volume



Deal size



Deal type



*PIPE: Private investment in public equity

Apr'22 Mar'22 Apr'21

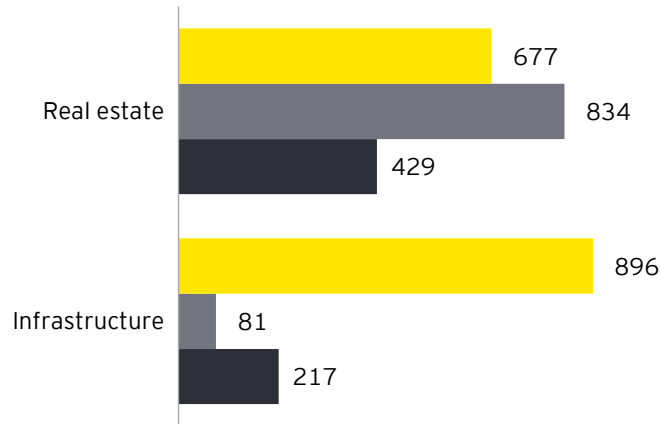
Top PE/ VC investments

Top PE/ VC investments excluding infrastructure and real estate in April 2022

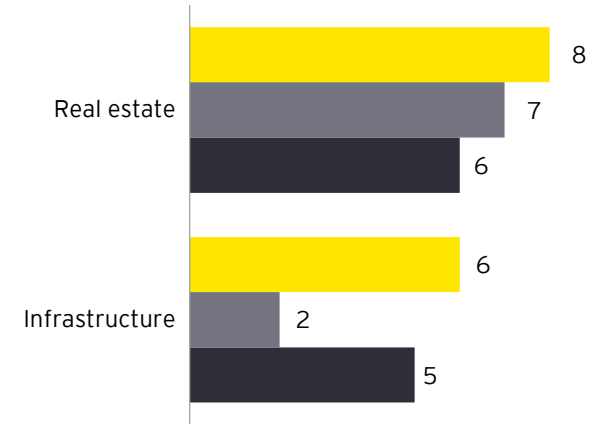
Company	PE investors	Sector	Stage	US\$m	Stake (%)
Verse Innovation Private Limited (Dailyhunt)	Baillie Gifford and Company, CPPIB, Sofina SA, Luxor Capital Group, OTTP, and Sumeru Ventures	Media and entertainment	Growth capital	805	16
IDFC Asset Management Co. Limited	Bandhan Financial, GIC, and ChrysCapital	Financial services	Buyout	600	100
Intas Pharmaceuticals Limited	ADIA	Pharmaceuticals	Growth capital	260	3
Shriram General Insurance Co. Limited	KKR	Financial services	Growth capital	237	10
Instoried Research Labs Private Limited	GEM Global Yield Fund LLC	Technology	Start-up	200	NA
Neblio Technologies Private Limited (CoinDCX)	Coinbase Ventures, Steadview Capital, Pantera Advisors, B Capital and others	Financial services	Start-up	135	6
Z21 Labs Inc. (Observe.Ai)	Menlo Ventures, Nexus, SoftBank, Steadview Capital, and others	Technology	Start-up	125	NA
Lenskart Solutions Private Limited	Alpha Wave Ventures, Epiq Capital Fund	E-Commerce	Growth capital	125	NA
Turtlemint Insurance Broking Services Private Limited	Jungle Ventures, Nexus, Vitruvian Partners, and others	Financial services	Start-up	120	NA
Digital Collectibles Pte. Limited	Dream Capital, Alpha Wave Global	Financial services	Start-up	120	NA

PE/ VC investments: US\$1,573 million over 14 deals (infrastructure and real estate investments)

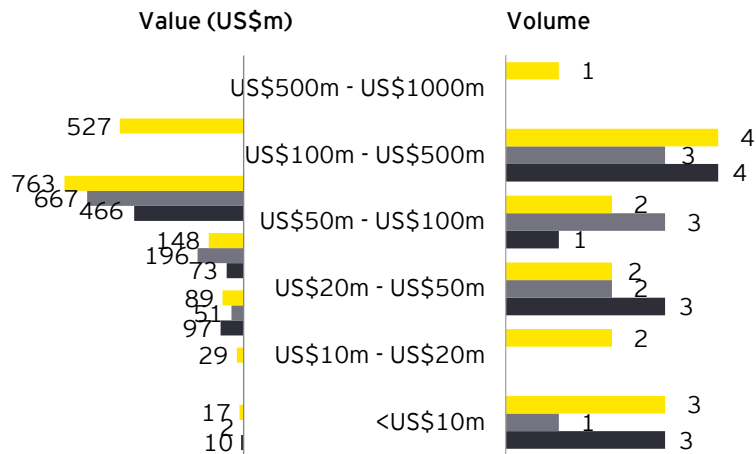
Top sectors by value US\$m



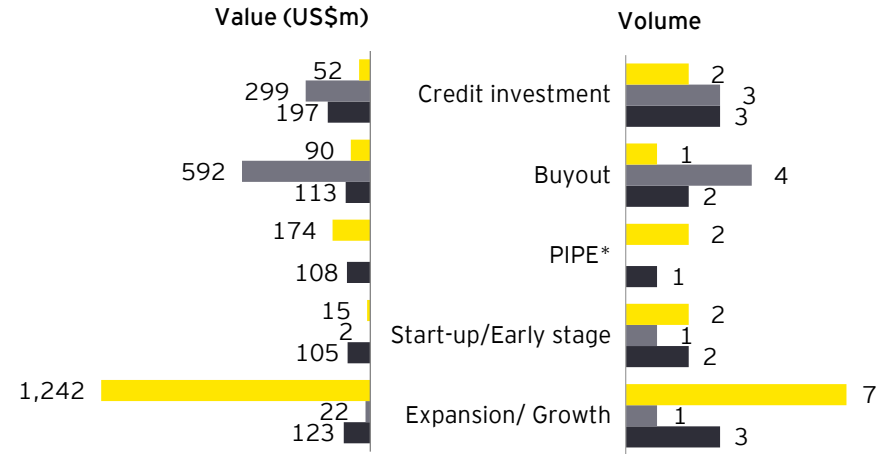
Top sectors by volume



Deal size



Deal type



*PIPE: Private investment in public equity

Apr'22 Mar'22 Apr'21

Top *infrastructure* and *real estate* investments

Top infrastructure and real estate investments in April 2022

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Tata Power Renewable Energy Limited	BlackRock, Mubadala Investment Co.	Infrastructure	Growth capital	527	11
Two office parks of TATA Realty and Infrastructure Limited	CPPIB	Real estate	Growth capital	343	49
KKR, 12 Road assets	Ontario Teachers Pension Plan	Infrastructure	Growth capital	175	NA
Isprava Vesta Private Limited (Isprava Luxurious Homes)	Burman Family Holdings, Nadir Godrej Family Office and others	Real estate	Growth capital	130	NA
Indiabulls Real Estate Limited	Authum Investment and Infrastructure Limited, Cophall Mauritius Investment, Morgan Stanley Asia (Singapore), and others	Real estate	PIPE	115	14

Key trends

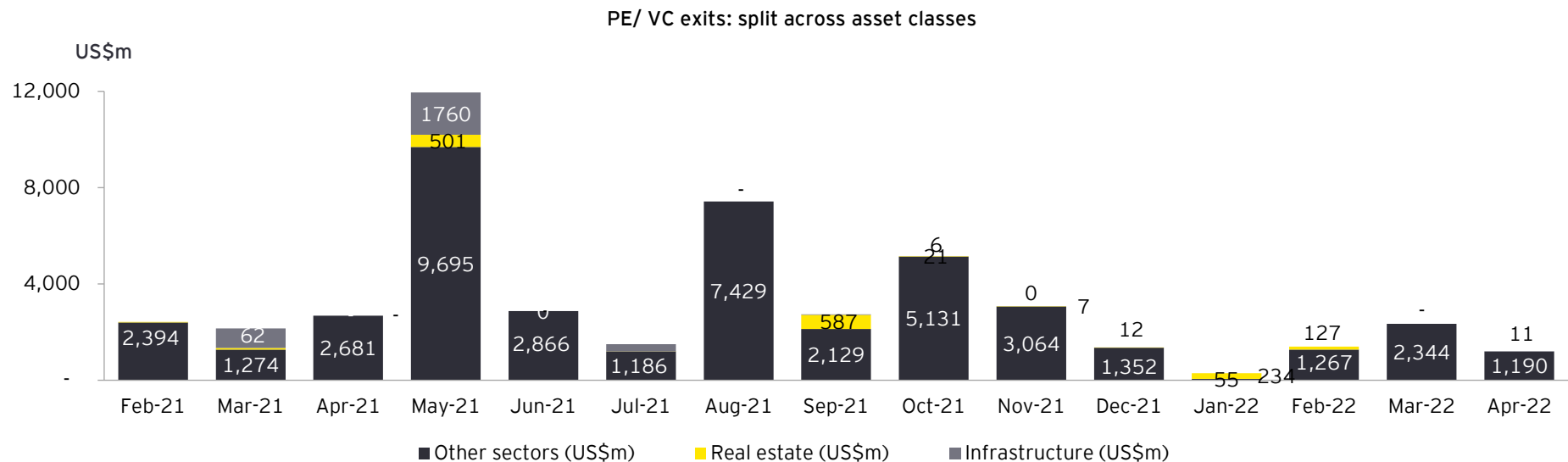
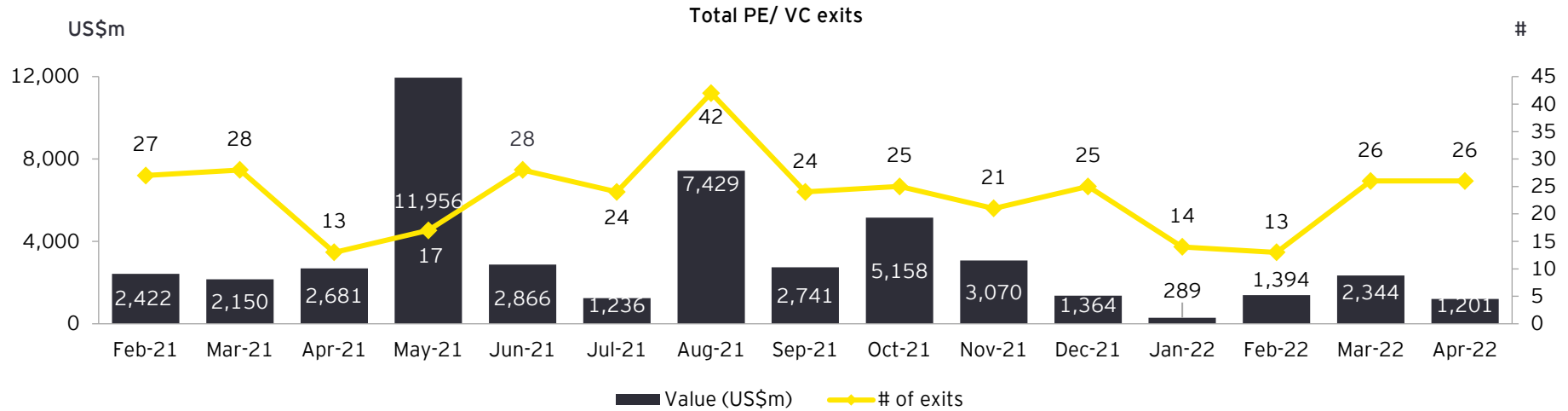
Exits

- ▶ April 2022 recorded 26 exits worth US\$1.2 billion compared to US\$2.7 billion recorded across 13 exits in April 2021 and US\$2.3 billion across 26 exits in March 2022.
- ▶ In April 2022, open market exits were the highest in terms of value worth US\$483 million across six deals (US\$17 million across three deals in April 2021). Buybacks were the second highest with the US\$330 million buyback done by Mu Sigma of its stake from General Atlantic and Sequoia Capital. Strategic exits were the highest in terms of numbers with 16 deals, however the deal values were undisclosed on 14 deals (four strategic deal worth US\$400 million in April 2021).

Fundraise

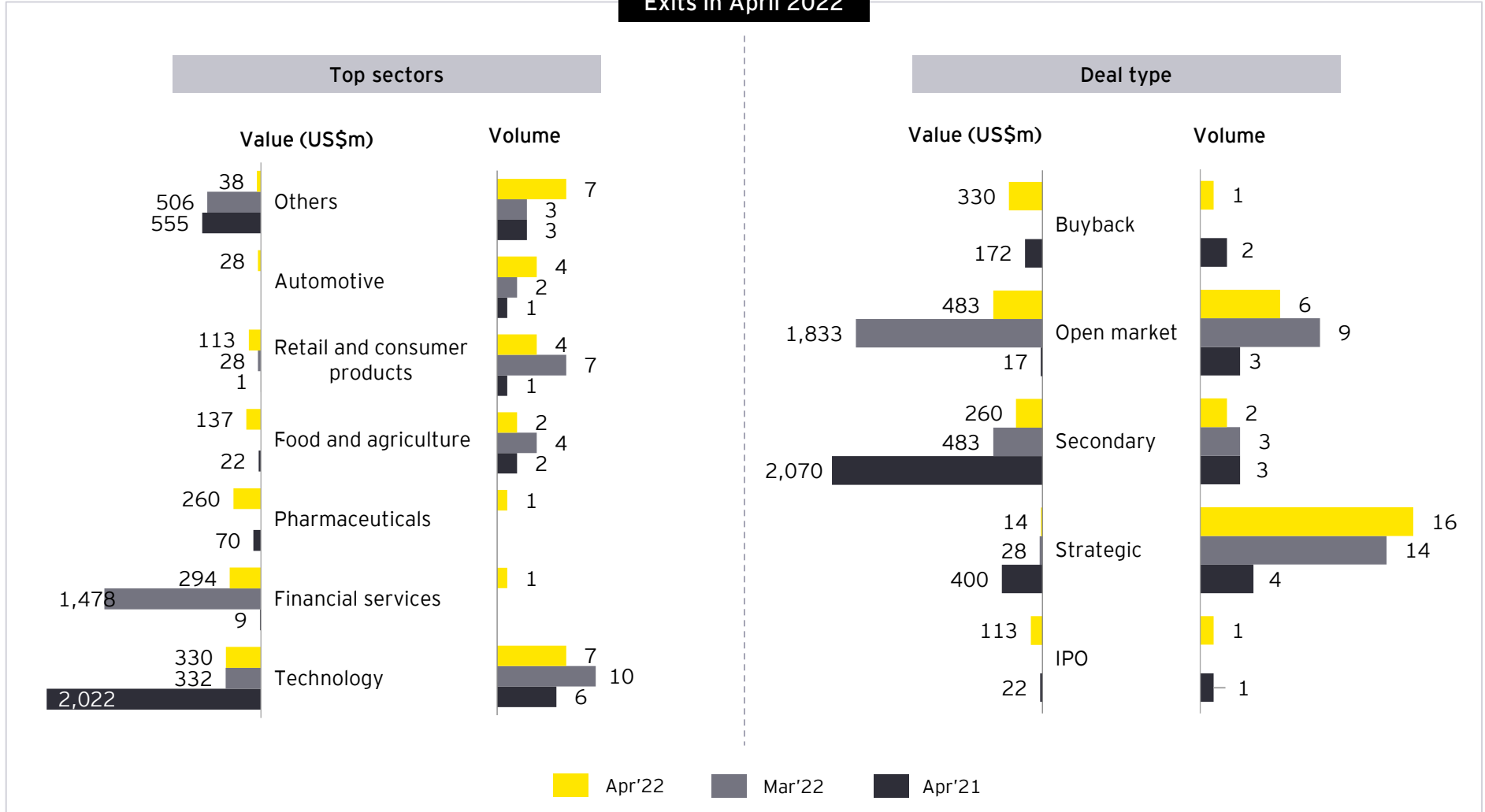
- ▶ April 2022 recorded total fundraise of US\$1.5 billion across 16 funds compared to US\$569 million raised in April 2021 by eight funds. The largest fundraise in April 2022 was by Elevation Capital that raised its eighth India dedicated fund at \$670 million, which is its largest ever corpus.

PE/ VC monthly headline trends: exits



Exits: US\$1,201 million across 26 deals in April 2022

Exits in April 2022

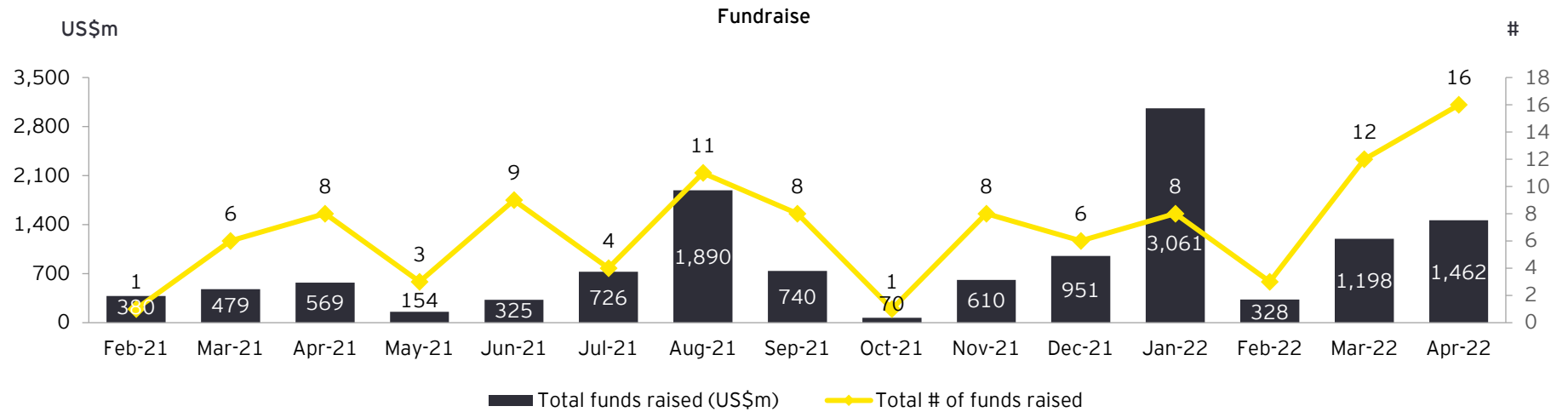


Top exits

Top exits in April 2022

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Mu Sigma Inc.	Technology	General Atlantic, Sequoia Capital	Mu Sigma Inc.	Buyback	330	38
SBI Cards and Payment Services Limited	Financial services	Carlyle	NA	Open market	294	3
Intas Pharmaceuticals Limited	Pharmaceuticals	Temasek	ADIA	Secondary	260	3
Campus Activewear Limited	Retail and consumer products	TPG Growth	NA	IPO	113	10
Barbeque Nation Hospitality Limited	Food and agriculture	CX Capital	NA	Open market	95	16
Mrs. Bectors Food Specialities Limited	Food and agriculture	Gateway Partners and CX Partners	NA	Open market	38	16

PE/ VC monthly headline trends: fundraise



Fundraise

Top fundraise in April 2022

Status	Fund	PE/ VC GP	US\$m	Strategy
Raised	Elevation Capital 8th Fund	Elevation Capital	670	Early stages with ticket size of US\$2-5 million
Raised	Venturi Partners Fund 1	Venturi Partners	175	FMCG, education, and healthcare services with a ticket size of US\$15-40 million.
Raised	Aavishkaar Capital Fund VI	Aavishkaar Capital	130	Medium and small businesses with technology as a key enabler in sustainable agritech, financial inclusion and essential services focusing on climate tech
Raised	Arkam Ventures Fund 1	Arkam Ventures	106	Pre-series A to series B stage companies
Raised	IE Venture Investment Fund II	Info Edge	75	Start-up investments

Spotlight

Media & entertainment sector
investment trends

Spotlight: Media and entertainment sector investment trends

- ▶ 2020 saw demand patterns for media and content shift as consumers actively sought alternatives and had the time to try new things. Aided by the growth of digital infrastructure, digital media adoption accelerated. Consequently, consumption patterns shifted and increased across online news, gaming, and entertainment.
- ▶ According to a recent EY-FICCI M&E report¹:
 - ▶ Digital media grew the most and consequently increased its contribution to the media and entertainment sector from 16% in 2019 to 19% in 2021.
 - ▶ In 2021, Comscore data indicates that online news had a reach of 467 million as compared to 503 million smartphones in India; by 2025 it is expected to grow over 750 million.
 - ▶ Digital subscription grew by 29% in 2021 with 80 million paid video subscriptions across almost 40 million Indian households.
- ▶ According to a recent EY-AIGF report²:
 - ▶ The Indian online gaming sector reached over US\$1 billion in 2020, a growth of more than 17.3 per cent from US\$543 million in 2016. With its current trajectory, it is expected to reach US\$2 billion by 2023, in terms of rake fees earned.
 - ▶ India is currently the fourth-largest online gaming market globally. Online gamers in India are estimated to grow from 360 million in 2020 to 510 million in 2022.

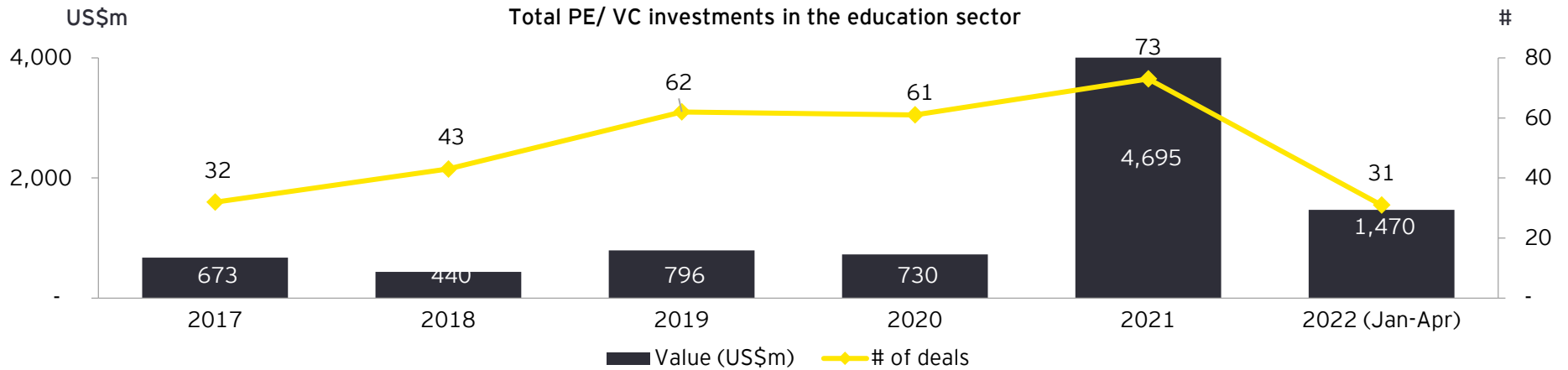
¹ EY - FICCI M&E report

² EY- All India Gaming Federation (AIGF) report

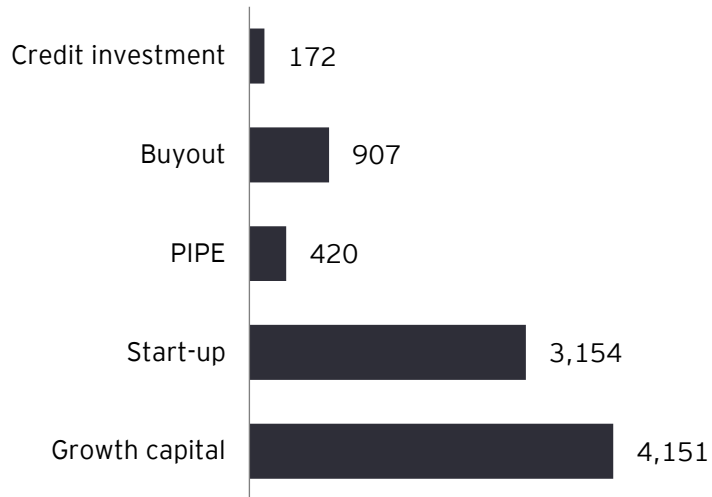
Spotlight: Media and entertainment sector investment trends

- ▶ As a result, PE/ VC investments in the media and entertainment sector recorded a sharp increase in 2021. Investments in the sector in 2021 were more than the investments in the sector in the previous four years combined. The momentum has continued into 2022 with US\$1.5 billion PE/ VC investments received in 2022 till date.
- ▶ Eight out of the top 10 deals in the sector happened in 2021 and 2022 with four deals of value greater than US\$500 million.
- ▶ The online media and streaming sector was the largest sub-sector accounting for more than 50% of PE/ VC investments by value and volume between 2017-2022 (Jan-Apr). Online gaming was the next largest sub-sector accounting for 31% of the PE/ VC investments by value and 22% by volume.
- ▶ Five start-ups - Dailyhunt, Sharechat, Dream Sports Fields, Dream11, and Ahmedabad IPL franchise have received almost 60% of all PE/ VC investments in the sector since 2017.

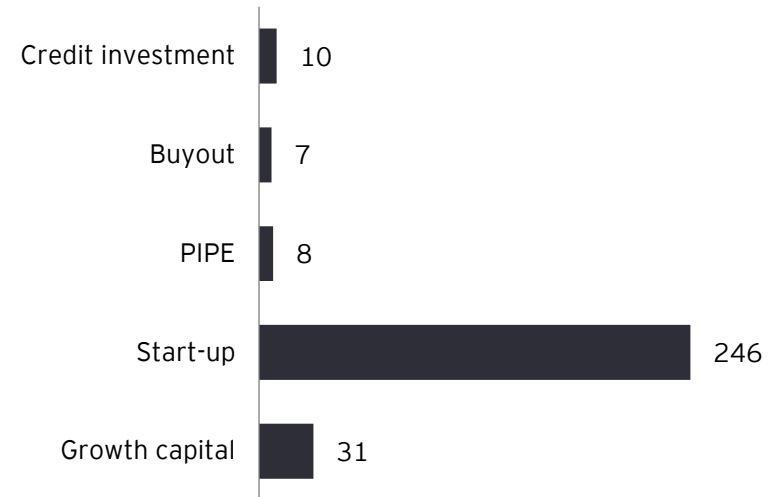
Spotlight: Media and entertainment sector investment trends



Deal type (2017-2022 (Jan-Apr) US\$m)

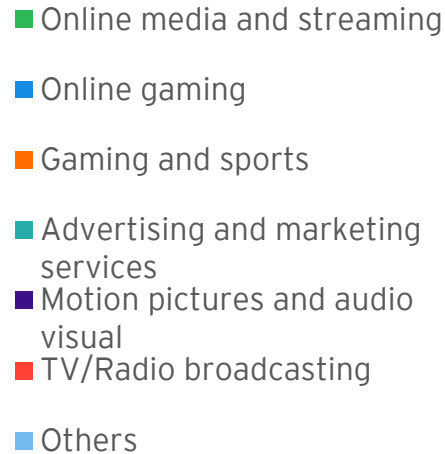
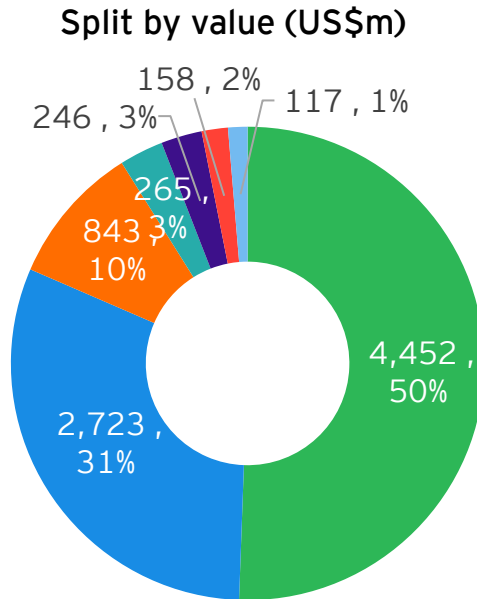


Deal type (2017-2022 (Jan-Apr) (#)

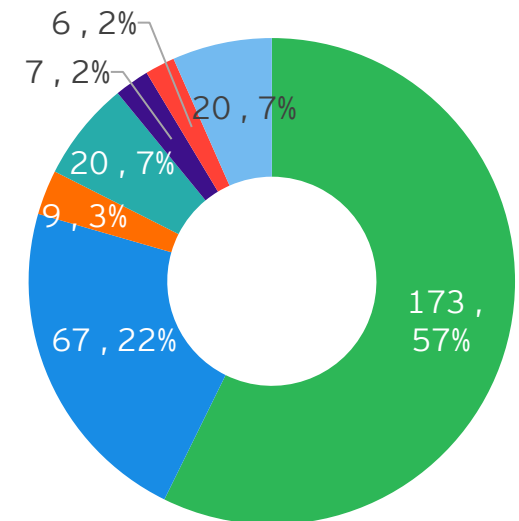


Spotlight: Media and entertainment sector investment trends

Media and entertainment sub-sectors in 2017-2022 (Jan-Apr)



Split by number of deals (US\$m)



Spotlight: Media and entertainment sector investment trends

Top companies by investments received in 2017-2022 (Jan-Apr) (US\$m)

Select list of investors

Company	Investments received (US\$m)	Select list of investors
DailyHunt	1,714	Carlyle, Alpha Wave, Sumeru Ventures, Sofina, CPPIB, OTTP
Sharechat	1,277	Tiger Global, Lightspeed, Temasek, SAIF, Harborvest, Tencent, India Quotient
Dream Sports Fields	840	Alpha Wave, Tiger Global, D1 Capital, DST Global, TPG
Dream11	785	Alpha Wave, Tiger Global, D1 Capital, ChrysCapital, Steadview, Tencent, TPG
IPL franchise for Ahmedabad	749	CVC
Mobile Premier League	376	Sequoia, GO Ventures, Moore Capital, Base Partners
Bharti Telemedia	350	Warburg Pincus
Nazara Technologies	203	Plutus Wealth, IIFL, Hornbill Orchid Fund
Amagi Media	195	Accel, Norwest, PremjiInvest
Hubilo	153	Alkeon Capital, Lightspeed, Balderton Capital
Zupee	150	AJ Capital, Matrix Partners, Orion Ventures, Tomales Bay Capital
Zee Entertainment	133	Wellington Management, GIC, Morgan Stanley
PVR	128	Warburg Pincus, Multiples
MX Player	110	Tencent, Times Internet
Saregama	101	ADIA, GIC, Quebec Deposit and Investment Fund

Spotlight: Media and entertainment sector investment trends

Top PE/ VC investment deals in the media and entertainment sector in 2017-2022 (Jan-Apr)

Company	PE investors	Year	US\$m	Stake (%)
Dream Sports Fields Private Limited	Falcon Edge, DST Global, D1 Capital Partners, Tiger Global Management, TPG Capital, and others	2021	840	11
VerSe Innovation Private Limited (Dailyhunt)	CPPIB, Sofina SA, Ontario Teachers Pension Plan, Sumeru Ventures, and others	2022	805	16
IPL franchise for Ahmedabad	Irelia Company Pte Limited (CVC Capital Partners)	2021	749	100
Mohalla Tech Private Limited (Sharechat)	India Quotient Fund II, Lightspeed, Twitter Ventures, Tiger Global Management	2021	502	NA
VerSe Innovation Private Limited (Dailyhunt)	The Qatar Investment Authority, B Capital, Sofina SA, Carlyle, and others	2021	450	NA
Sporta Technologies Private Limited (Dream11)	Steadview Capital, Tiger Global, ChrysCapital, Falcon Edge and others	2021	400	NA
Bharti Telemedia Limited	Warburg Pincus	2017	350	20
Mohalla Tech Private Limited (Sharechat)	Alkeon Capital, Temasek, HarbourVest Partners, Moore Capital and others	2021	266	7
Sporta Technologies Private Limited (Dream11)	Tiger Global, TPG, ChrysCapital, and others	2020	225	NA
Mohalla Tech Private Limited (Sharechat)	Mirae Assets, Temasek, Moore Strategic Ventures	2021	145	5

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 bridge spans across a body of water, with several cars visible on the road. To the right of the bridge, there is a baseball field with a green field and a brown infield. The background is filled with a dense urban skyline of various skyscrapers and buildings. A dark semi-transparent banner is overlaid on the left side of the image, containing the text "About EY Private Equity Services".

About EY Private Equity Services

About EY's Private Equity Services Practice

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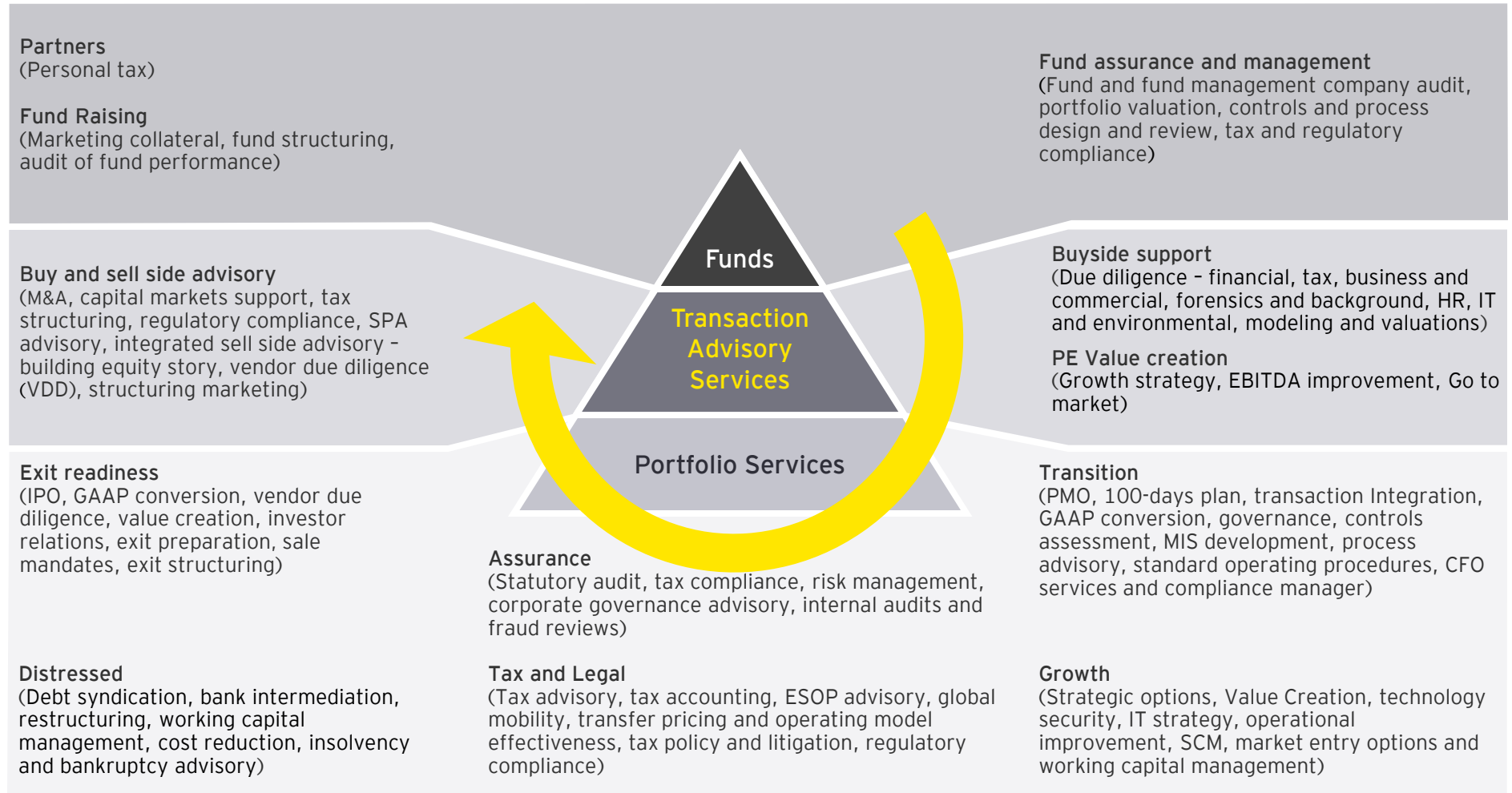
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An aerial photograph of a city bridge spanning a large body of water. The sun is low on the horizon, creating a bright lens flare and casting a golden glow over the scene. The bridge is filled with cars, and a yellow vertical bar is positioned on the right side of the bridge deck. In the background, a dense city skyline with various skyscrapers is visible. To the right of the bridge, there are several multi-story brick buildings and a baseball field with a green field and brown infield. The water is dark blue with some ripples.

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.

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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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