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# Foreword and outlook



**Vivek Soni**  
Partner and National Leader  
Private Equity Services, EY India

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July 2022 recorded US\$3 billion in PE/VC investments, 69% lower than the investments in July 2021. After remaining resilient for almost six months amid global headwinds of tightening liquidity and rising inflation, Indian PE/VC investment flows for the first time have shown some tepidness. Deals are taking longer to close as investors ask tough questions and take their time to process their deal underwriting thesis.

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While start-up investments had propped up PE/VC investments for the past one and a half year, they recorded a sharp decline of 76% y-o-y. Buyouts was the only segment that recorded growth in July 2022 at US\$1.6 billion compared to US\$1.1 billion last year. Share of pure play PE/VC investments (excluding real estate and infrastructure sectors) too dropped to a low of 40% in July 2022, compared to 90% in July 2021 and 82% in June 2022.

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PE/VC exits too declined by more than 70% both sequentially and on a y-o-y basis in the absence of large strategic and secondary deals. PE-backed IPOs, which were one of the defining features of PE/VC exits last year, continue to remain elusive in 2022.

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As interest rates harden, we are witnessing a revival of PE/VC investments in hard assets after a gap of almost two years. Infrastructure was the top sector in July 2022 with US\$1.4 billion in PE/VC investments across four deals, followed by the real estate sector with five deals worth US\$411 million. While e-commerce has taken a backseat in 2022, new investment themes like media and entertainment have emerged over the past two years. Our spotlight section covers the PE/VC investment trends in media and entertainment sector in detail.

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With the US staring at a recession and further tightening by the FED and the RBI predicted, the easy monetary and fiscal policy era is behind us. Furthermore, with the continuing geo-political conflict putting additional strain on weakened European economies and the rising tensions in the South China sea area, the global economy is more vulnerable than ever before. While India has remained fairly resilient, it is feeling some pressure due to the falling rupee and rise in inflation. This rising cost of capital is causing more VC funds to emphasize on positive unit economics and curtailed cash burn rates while making investment decisions. This is expected to increase the disparity between the 'haves' and 'have nots' and drive consolidation across sectors, with well-funded category leaders buying out those with shorter runways.



1

Monthly trend analysis: July 2022

2

Spotlight: Media and entertainment sector PE/VC deal trends

# 01

Monthly trend analysis:  
**July 2022**

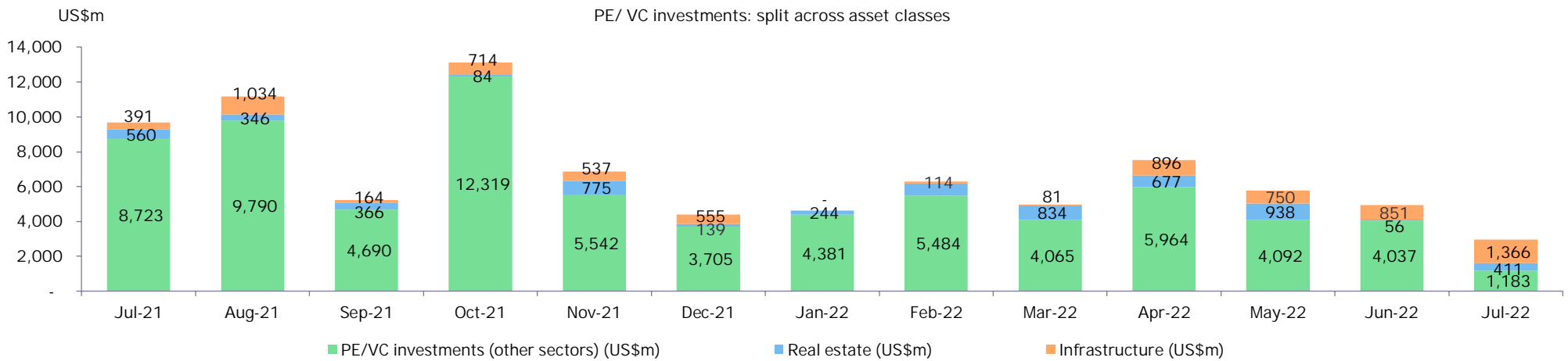
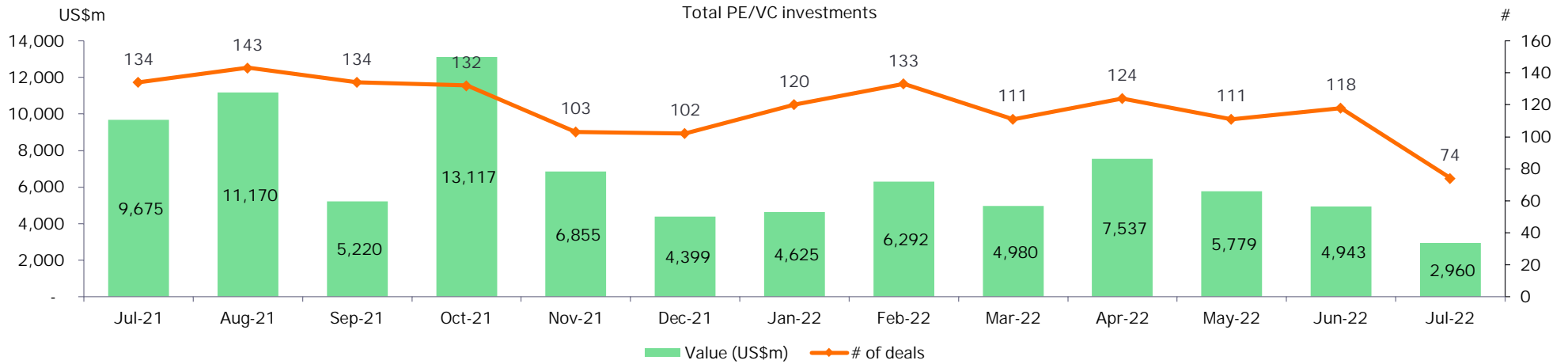


## Key trends

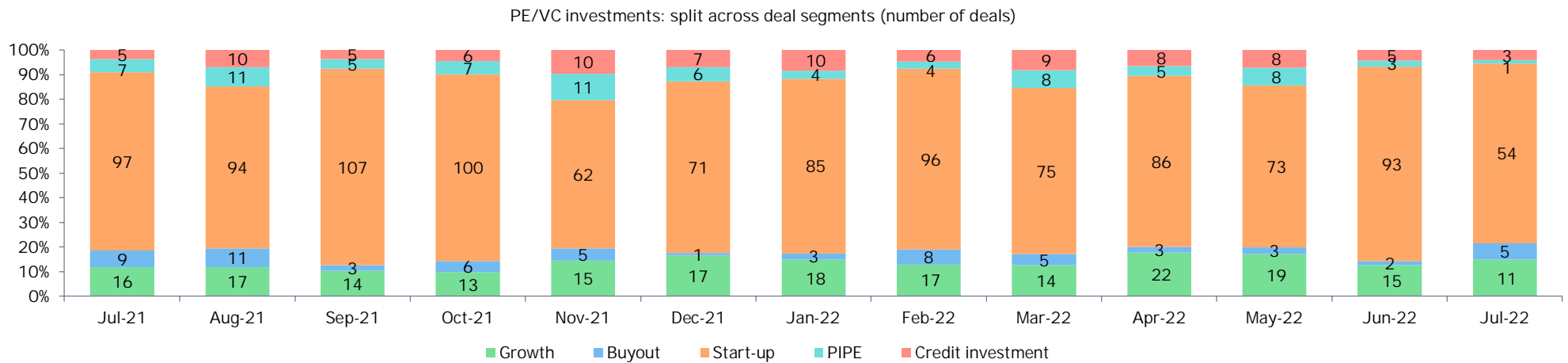
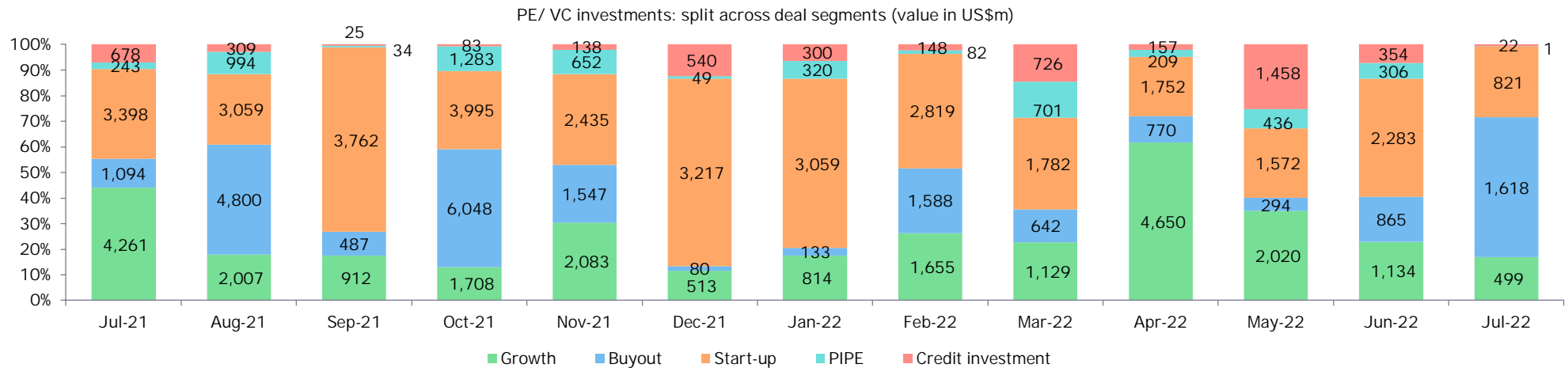


- ▶ PE/ VC investments in July 2022 were the lowest in over a year both in terms of value and volume. At US\$3 billion, PE/VC investments in July 2022 were 69% lower than the value recorded in July 2021 (US\$9.7 billion) and 40% lower than investments in June 2022 (US\$4.9 billion). July 2022 recorded 74 deals, 45% lower than July 2021 (134 deals) and 37% lower than deals in June 2022 (118 deals). The share of pure play PE/VC investments (excluding real estate and infrastructure sectors) too dropped to a low of 40% in July 2022, compared to 90% in July 2021 and 82% in June 2022. The sharp drop in PE/VC investments was precipitated by a decline in both start-up and growth investments, each recording a decline of over 75% in value and over 30% in volume.
- ▶ July 2022 recorded just six large deals (deals of value greater than or equal to US\$100 million) aggregating US\$2.2 billion, compared to 20 large deals worth US\$8.3 billion in July 2021 and 12 deals worth US\$3.0 billion in June 2022. The largest deal in July 2022 saw the Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for US\$886 million.
- ▶ By deal type, buyouts were the highest in July 2022 at US\$1.6 billion across five deals (US\$1.1 billion in July 2021 across nine deals), the highest value of buyouts in nine months. Start-up investments that have been receiving maximum PE/VC investments over the past year witnessed a sharp decline of 76% in terms of value and 44% in terms of volume, recording US\$820 million across 54 deals (US\$3.4 billion across 97 deals in July 2021). Growth investments too declined significantly, nearly 88% in terms of value and 31% in terms of volume, to record US\$499 million across 11 deals (16 deals worth US\$4.3 billion in July 2021). Credit investments recorded US\$22 million across three deals (five deals worth US\$678 million in July 2021). Private investments in public equity (PIPE investments) were almost non-existent with just one deal worth US\$0.5 million (seven deals worth US\$243 million in July 2021).
- ▶ From a sector point of view, we are witnessing a revival of interest in hard assets after almost two years. Infrastructure was the top sector in July 2022 with US\$1.4 billion in PE/ VC investments across four deals (US\$391 million across seven deals in July 2021), followed by the real estate sector with five deals worth US\$411 million (seven deals worth US\$560 million in July 2021). The third largest sector was financial services, with US\$361 million recorded across 17 deals (US\$440 million across 11 deals in July 2021).

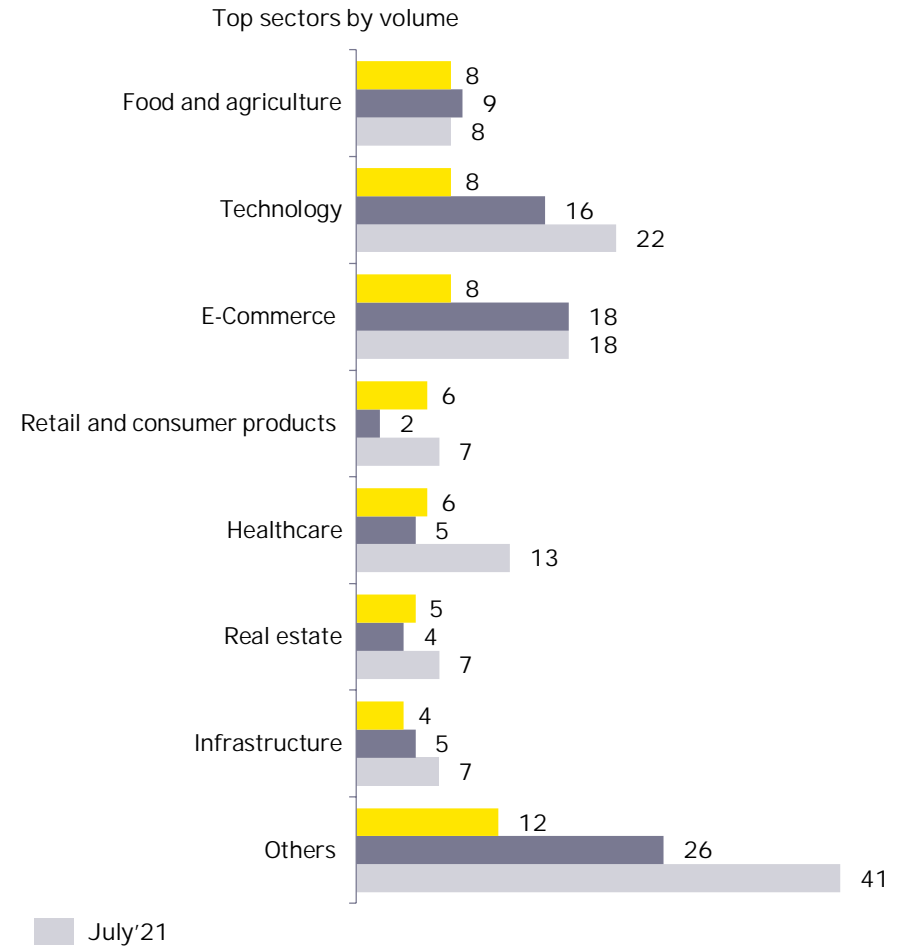
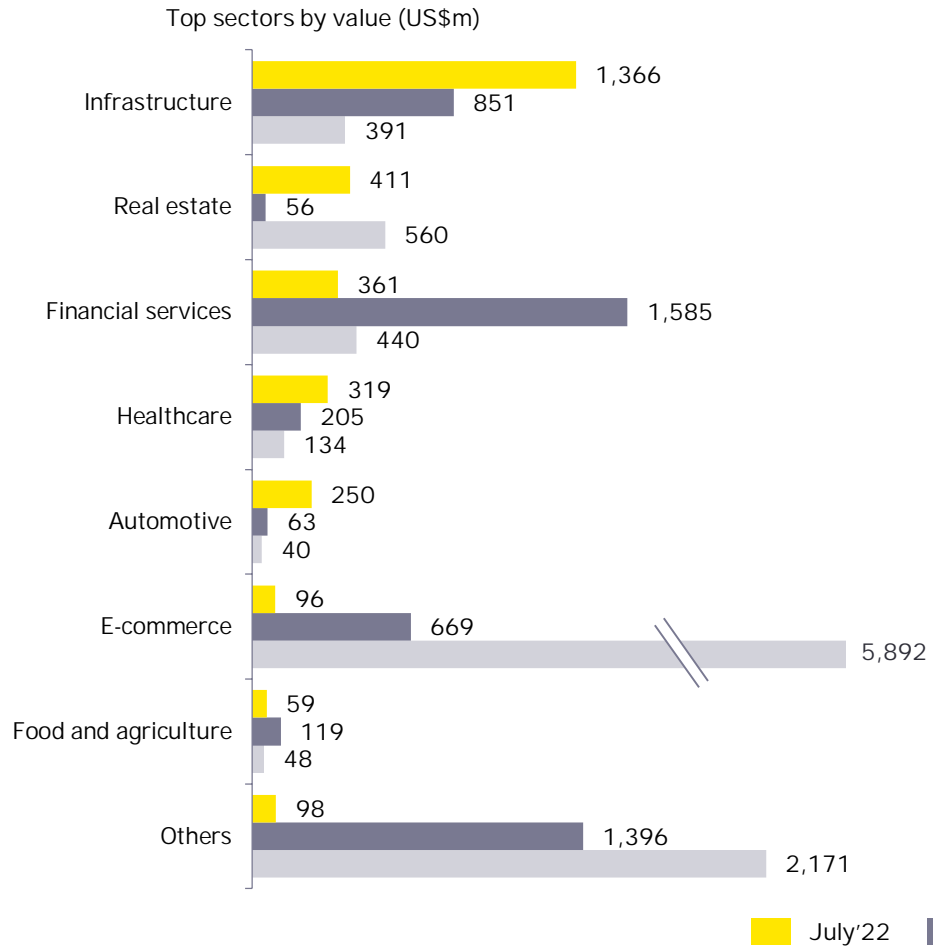
# PE/ VC monthly headline trends: investments



# PE/ VC monthly headline trends: investments



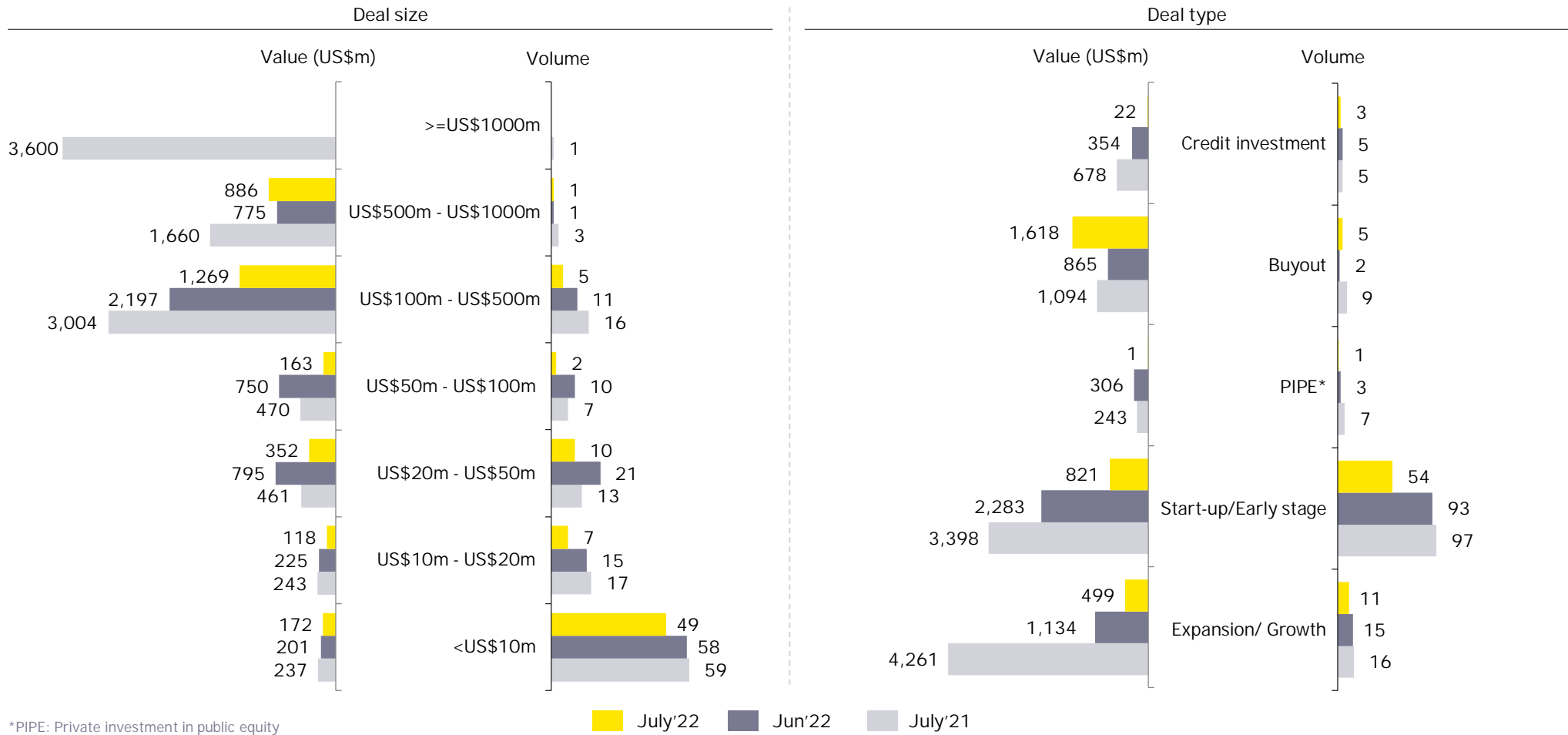
# PE/ VC investments: split by sector



■ July'22 
 ■ Jun'22 
 ■ July'21



# PE/ VC investments: split by deal type and deal size



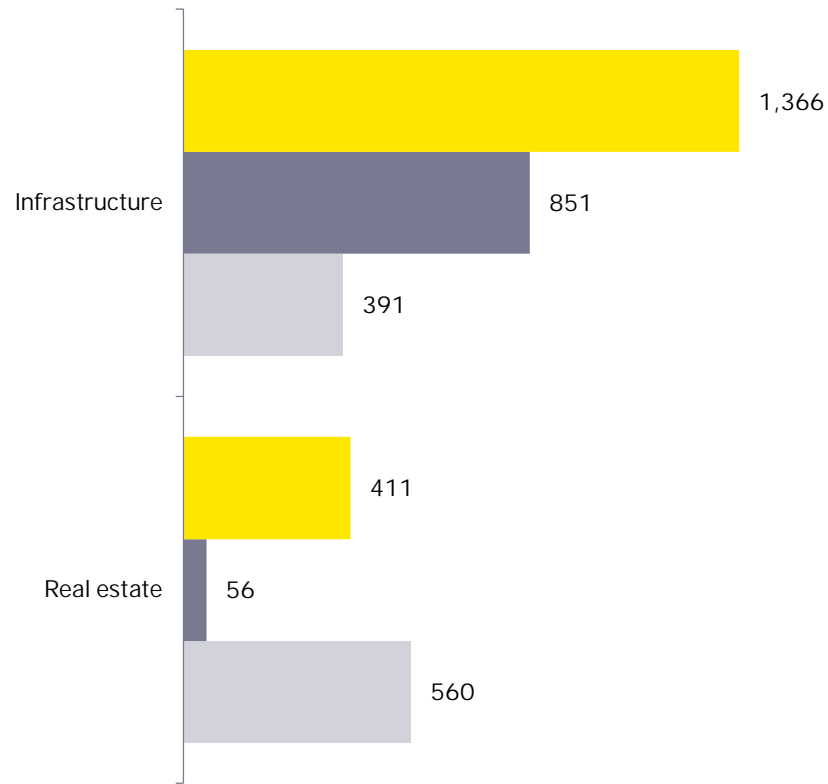
# Top PE/ VC investments

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

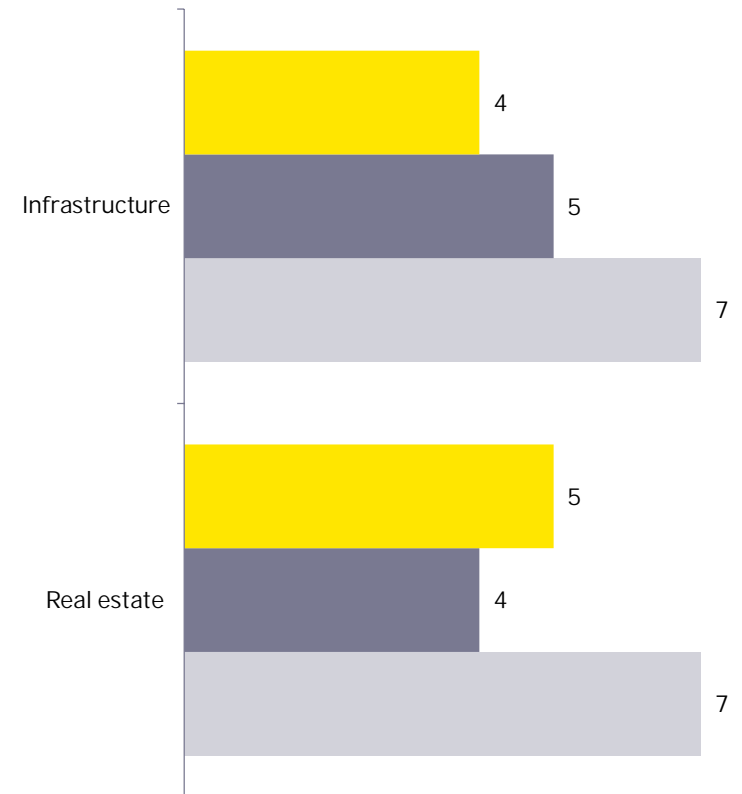
Company	PE investors	Sector	Stage	US\$m	Stake (%)
Mahindra EV Co.	British International Investment Plc (CDC)	Automotive	Start-up	250	3
ASG Hospital Private Limited	General Atlantic Service Co. L.P., Kedaara Capital Fund III LP	Healthcare	Growth capital	188	NA
FPL Technologies Private Limited	Matrix Partners, Sequoia Capital, Temasek and other	Financial services	Start-up	100	8
Diagnostics Business of LifeCell International Private Limited	OrbiMed Advisors	Healthcare	Growth capital	80	NA
Greenizon Agritech Consultancy Private Limited	Blume Venture, Arkam Ventures Fund, Alteria Capital, DG Daiwa Ventures, Snow Leopard Technology Ventures	Financial services	Start-up	50	NA
Lenskart Solutions Private Limited	Alpha Wave Ventures, Epiq Capital Fund, Avendus Future Leaders Fund II	E-commerce	Growth capital	47	1
Innoviti Payment Solutions Private Limited	Panthera Growth Partners	Financial services	Growth capital	45	NA
EpiFi Technologies Private Limited	Alpha Wave Ventures	Financial services	Start-up	44	NA
Niyo Solutions Inc.	Multiples	Financial services	Start-up	30	NA
PriceLabs	Summit Partners	E-commerce	Start-up	30	NA

# PE/ VC investments in infrastructure and real estate sectors

Top sectors by value (US\$m)

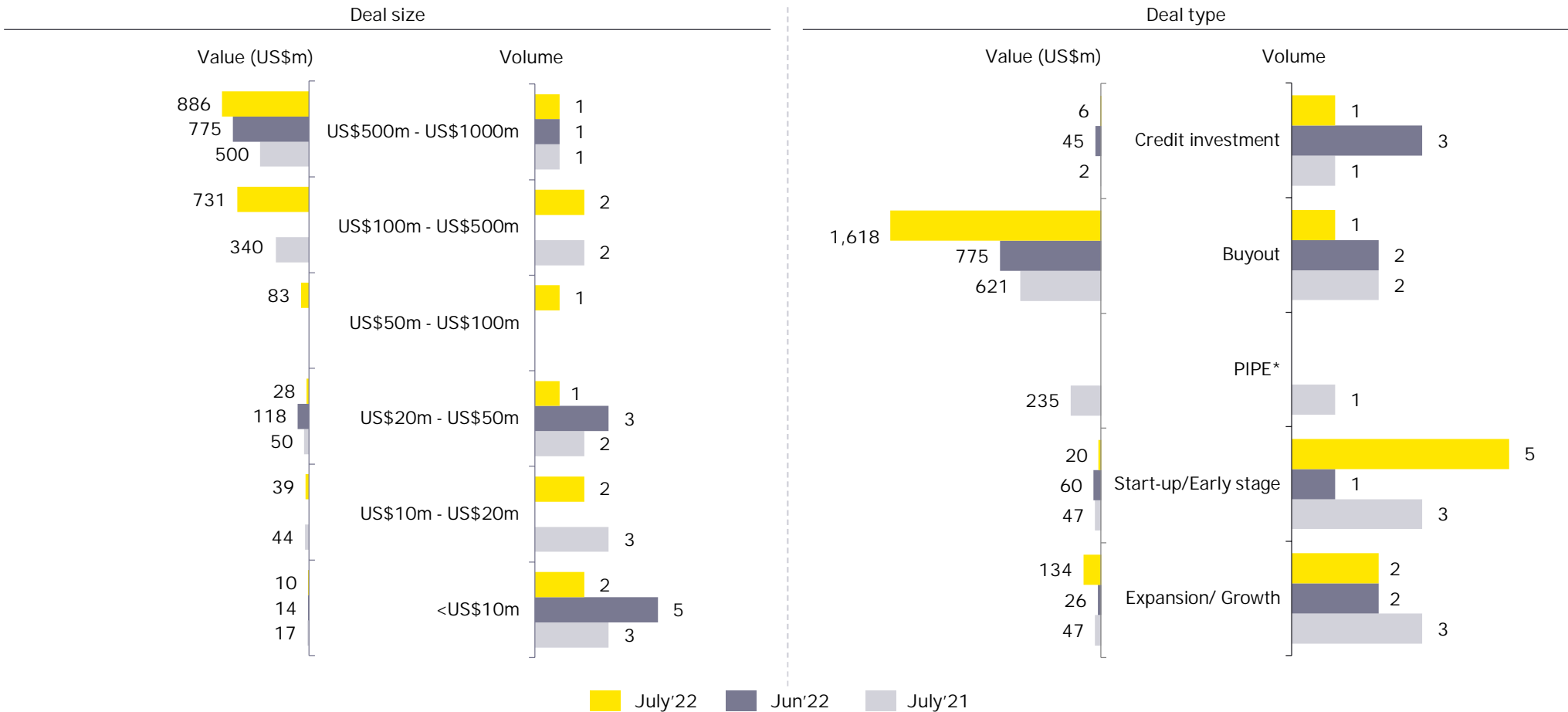


Top sectors by volume



July'22 Jun'22 July'21

# PE/ VC investments in infrastructure and real estate sectors



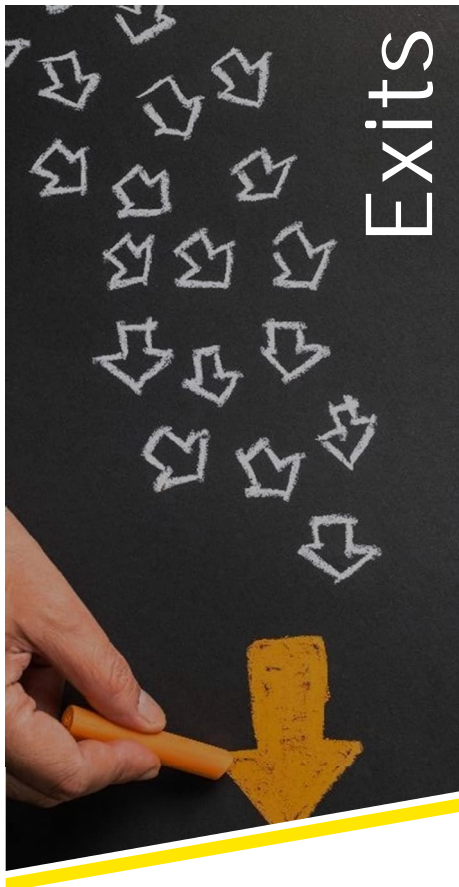
\*PIPE: Private investment in public equity

## Top *infrastructure and real estate* investments

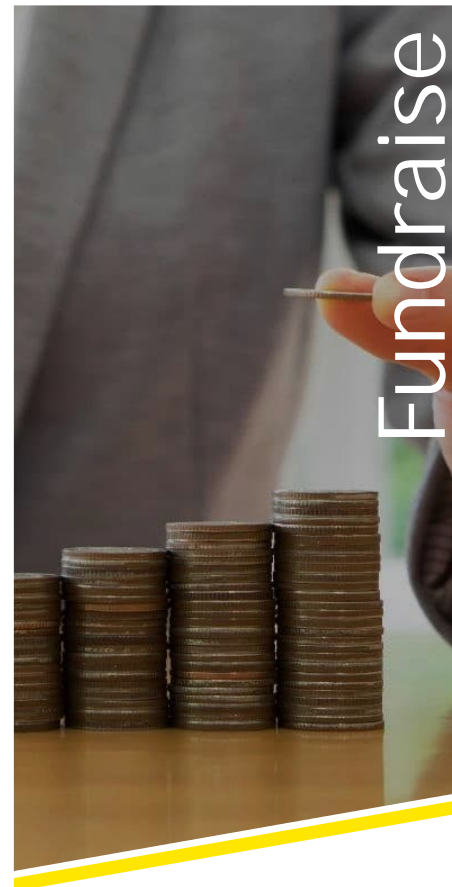
Top infrastructure and real estate investments in July 2022

Company	PE investors	Sector	Stage	US\$m	Stake (%)
8 road projects of L&T	Edelweiss Infrastructure Yield Plus	Infrastructure	Buyout	886	100
Navayuga Quazigund Expressway Private Limited	NIIF	Infrastructure	Buyout	377	100
Bhartiya Group's Bengaluru project	GIC	Real estate	Buyout	354	100
Apraava Energy Private Limited	Quebec Deposit and Investment Fund	Infrastructure	Growth capital	83	10

## Key trends

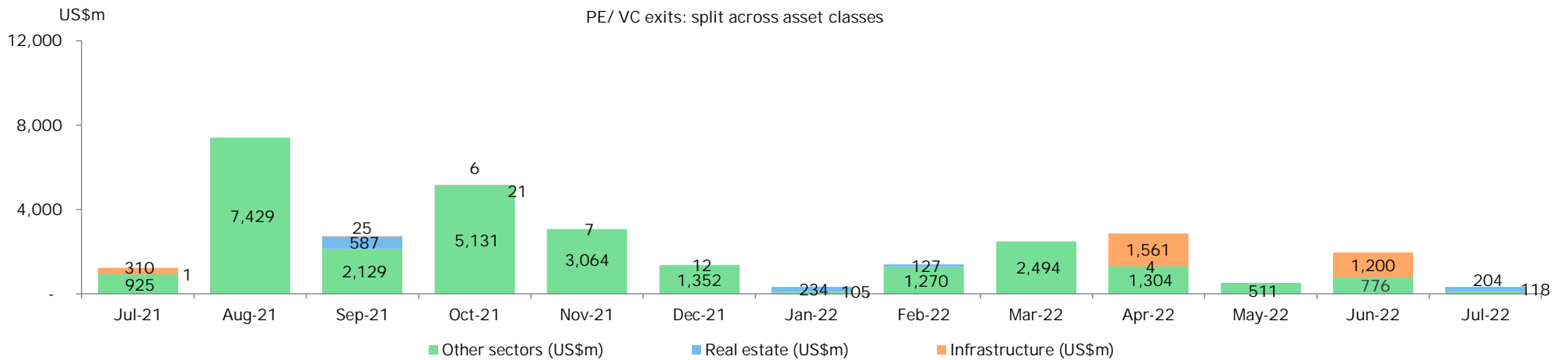
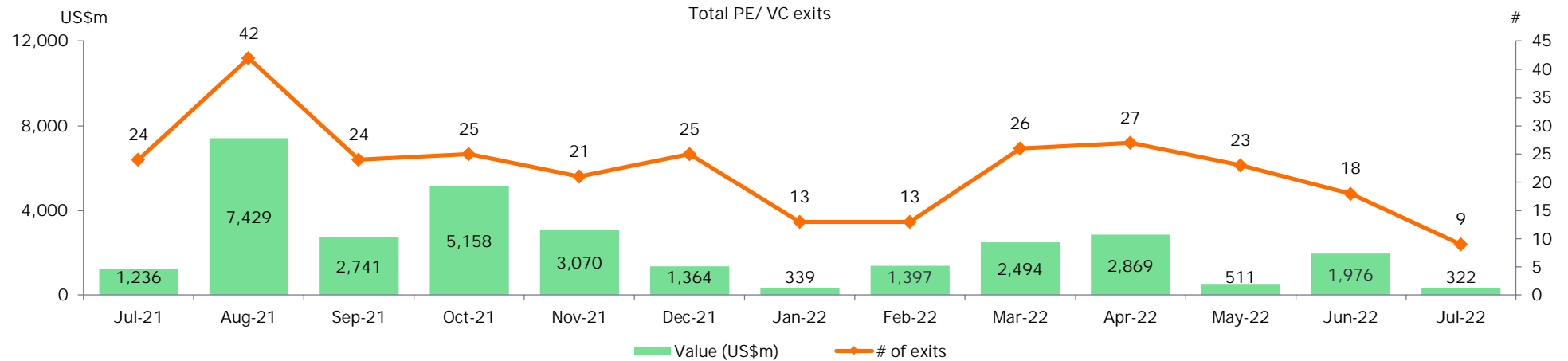


- ▶ July 2022 recorded nine exits worth US\$322 million compared to US\$1.2 billion recorded across 24 exits in July 2021 and US\$2.0 billion across 18 exits in June 2022. July 2022 has recorded the lowest number of exits since January 2021.
- ▶ The drought of PE-backed IPOs continued in July 2022 as well. Secondary and strategic exits too were sparse, recording one and three deals, respectively. The largest exit in July 2022 was the US\$202 exit by Blacksoil from its investment in projects of the real estate arm of Bollineni Group, (Krishnaiah Projects).
- ▶ The only noteworthy exit in July 2022 was by Investcorp from ASG Hospitals (exit value undisclosed).

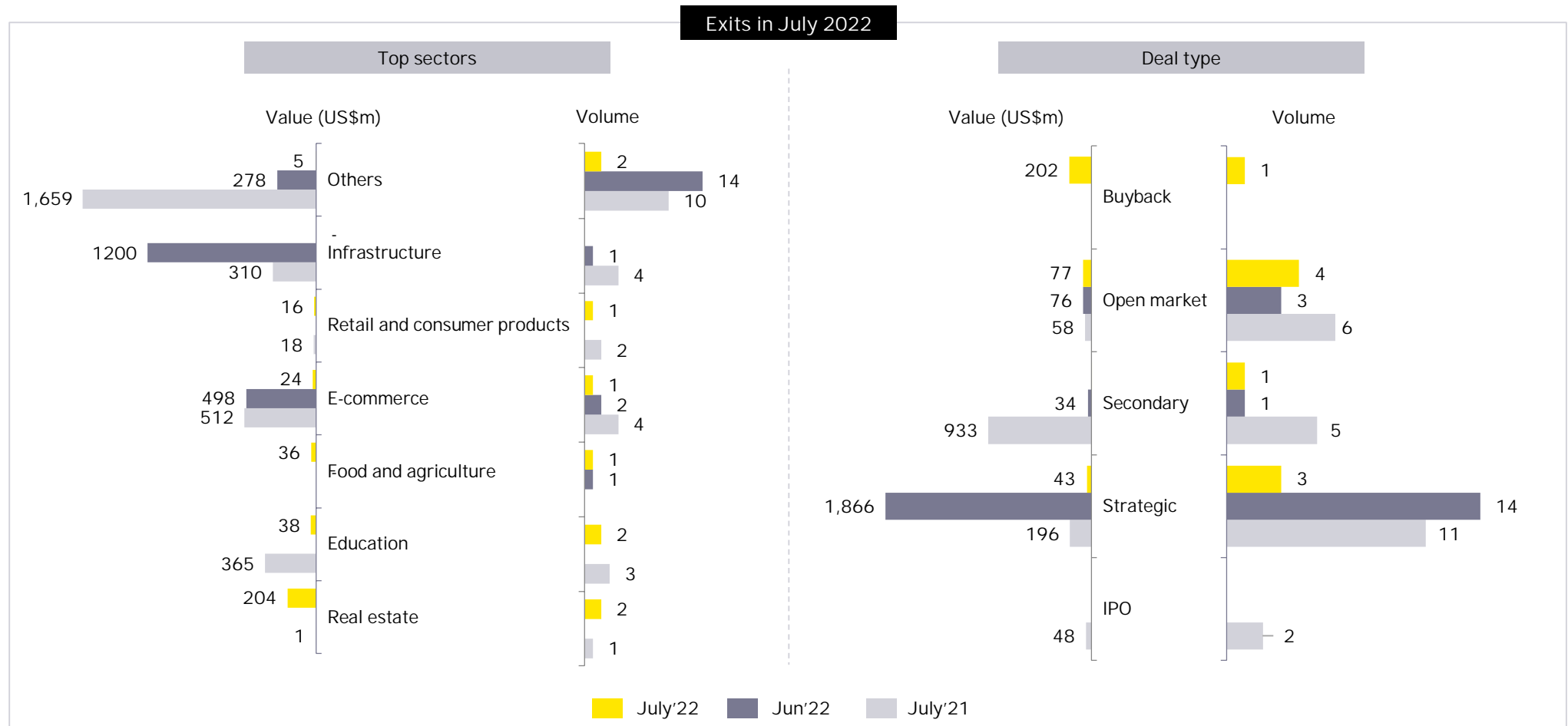


- ▶ July 2022 recorded total fundraises of US\$866 million across nine deals compared to US\$726 million raised in June 2021. The largest fundraiser in July 2022 was by Lightspeed India, which raised its fourth fund of US\$500 million that will focus on seed to Series B investments, with growth capital coming from its global vehicles. The cheque sizes will range from US\$ 500,000 to US\$15 million.

# PE/ VC monthly headline trends: exits



# Exits: US\$322 million across nine deals in July 2022



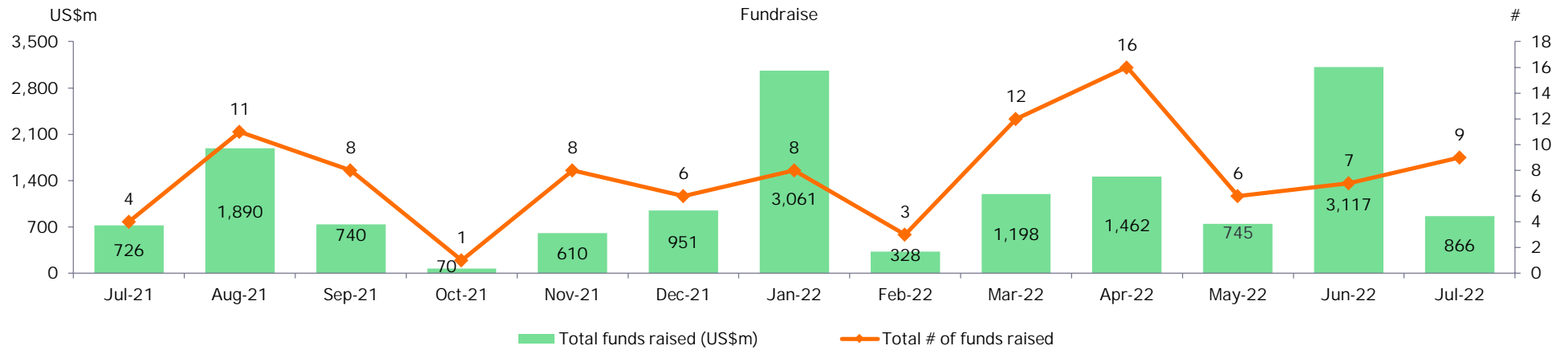


# Top exits

## Top exits in July 2022

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Krishnaiah Projects, Bhartiya Group	Real estate	Walton Street, BlackSoil Real Estate Debt Fund	Krishnaiah Projects	Buyback	202	NA
Harappa Learning Private Limited	Education	Bodhi Tree Systems	UpGrad	Strategic	38	100
Sapphire Foods India Limited	Food and agriculture	Edelweiss Crossover Opportunities Fund	NA	Open market	36	4
Zomato Limited	E-commerce	Moore Strategic Ventures	NA	Open market	24	0.5

# PE/ VC monthly headline trends: fundraise



# Fundraise

## Top fundraise in July 2022

Status	Fund	PE/ VC GP	US\$m	Strategy
Raised	Lightspeed Ventures Fund IV	Lightspeed Ventures	500	Ticket size of US\$ 500,000 to US\$15 million and focus on seed to Series B investments, with growth capital coming from its global vehicles
Raised	B Capital Early Stage Fund	B Capital	250	Invest USD 1-10 million across sectors like fintech, enterprise and software-as-a-service, and healthcare, with focus on pre-seed to Series A funding
Raised	Xponentia Opportunities Fund-2	Xponentia	46	Make 8-10 investments with cheque sizes up to US\$13 million in financial services, healthcare, consumer and business services
Raised	Purva Asset Management AIF 1	Promoted by Puravankara Ltd.	25	Invest in a mix of plotted and residential developments under the 'Purva Land' and 'Provident' brands across Bengaluru, Pune, Chennai, Hyderabad, and MMR
Raised	Gujarat Venture Finance	Gujarat Venture Finance	23	Invest the amount in start-ups in edtech, healthtech, agritech, biotech, and consumer business segments

# 04

**Spotlight:** Media and  
entertainment sector PE/VC  
deal trends



## Spotlight: Media and entertainment sector investment trend

- ▶ The media and entertainment sector has recorded almost US\$11 billion in investments since 2017, with more than 70% of the investments coming in the past two years.
- ▶ This growth has been largely driven by investments into online/technology driven media platforms across news, content, social media and gaming. According to the EY-FICCI report 'Tuning into consumer – Indian M&E rebounds with a customer-centric approach', the Indian media and entertainment sector grew by 16.4% to US\$21.5 billion in 2021 and is expected to grow by 17% in 2022 to reach US\$25.2 billion.
- ▶ India is amongst the largest content producers in the world – with 150k hours of TV content, 2,500 hours of premium OTT content and 2,000 hours of filmed content produced in 2021. India has over 950 animation and VFX studios, 185k electronic artists and 139 universities – and is fast becoming the content back office of the world.
- ▶ The penetration of digital infrastructure and the onset of the COVID-19 pandemic created conditions that were very conducive to the consumption of media online. Moreover, the lockdowns imposed during the pandemic further accelerated the change in how people consumed entertainment, with online medium fast gaining the share of eyeballs as well as wallet.
- ▶ High-speed internet, smartphones with heavy-duty processing power and significant advances in computer graphics greatly enhanced the gaming experience, making it one of the fastest growing segments within the media and entertainment sector and thus attracting a lot of PE/VC investments. The gaming and sports segment, especially online gaming, accounted for a third of all PE/VC investment dollars and a quarter of all deals in the media and entertainment sector between 2017 and 2022 (till date).

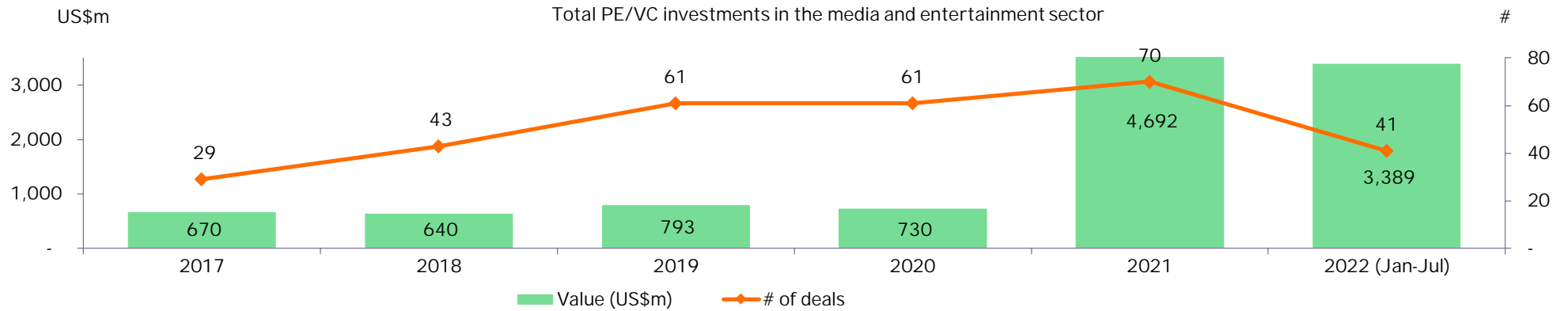


## Spotlight: Media and entertainment sector investment trend

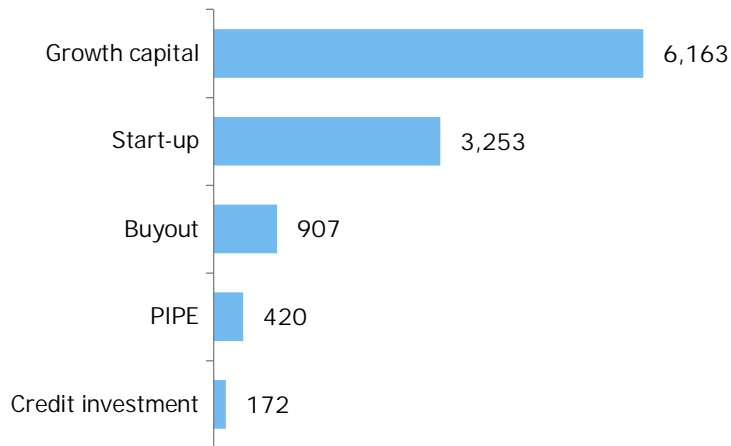
- ▶ The other segments that saw significant PE/VC investments include online new platforms, platforms for online content like web series, short videos and other user-generated content as well as social networking apps catering to different cohorts.
- ▶ However, the competition in these segments is currently very fierce and many are very small in scale, targeting different niches. This is also reflected in the large number of deals with rather small ticket sizes. Nonetheless, some established players like Dailyhunt, Sharechat, and Dream11 have seen large multi-million-dollar funding rounds.



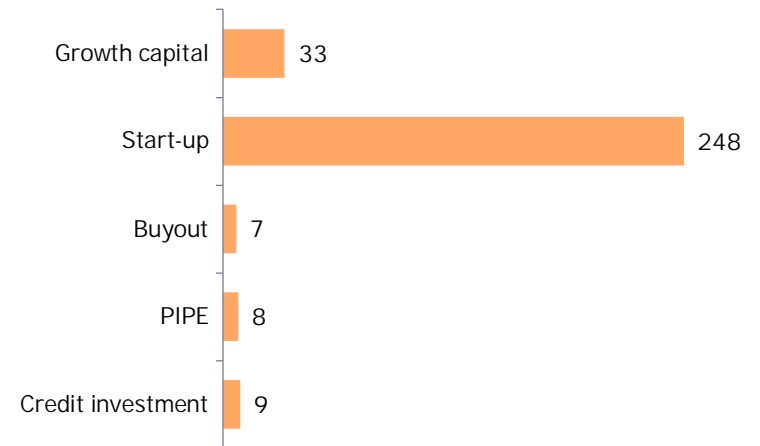
# Spotlight: Media and entertainment sector investment trend



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

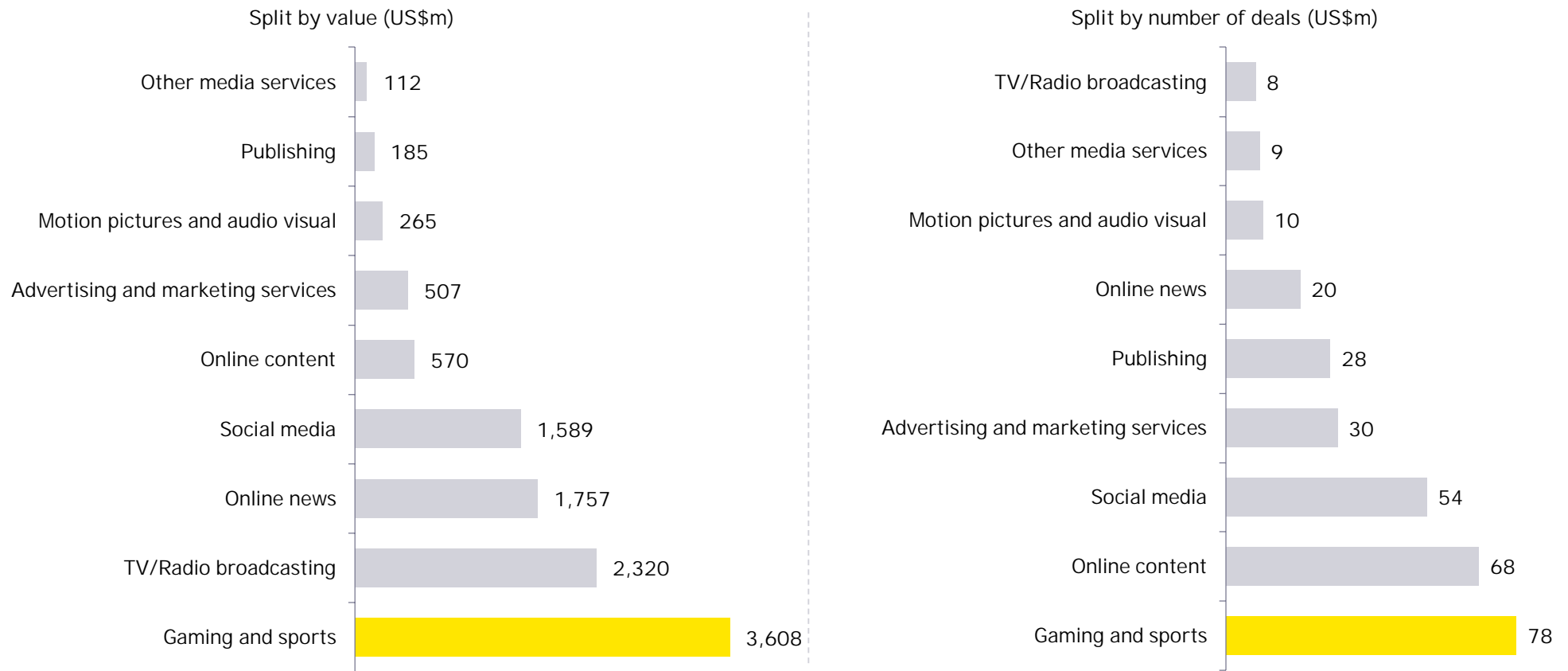


Deal type - 2017-2022 (Jan-Jul) (#)











# Spotlight: Media and entertainment sector investment trend


Investments split by media and entertainment sub-sectors in 2017-2022 (Jan-Jul)





## Spotlight: Media and entertainment sector investment trend

Top companies by investments received in 2017-2022 (Jan-July) (US\$m)		Select list of investors
Viacom18 Media	1,812	Bodhi Tree System
Dream11	1,625 	Falcon Edge, DST Global, D1 Capital, Tiger Global, TPG Capital, ChrysCap, Tencent, Multiples PE, Steadview Capital
Dailyhunt	1,541 	CPPIB, Sofina SA, OTTP, Sumeru Ventures, Carlyle, B Capital, QIA, Falcon Edge, Advent International, Goldman Sachs
Sharechat	1,303 	India Quotient, Lightspeed Ventures, Tiger Global, Alkeon Capital, Temasek, HarbourVest, Moore Capital, SAIF Partners
IPL franchise for Ahmedabad	749 	CVC Capital
Mobile Premier League	376 	Go Ventures, Sequoia Capital, RTP Global, Base Partners, Moore Capital, Telstra Ventures, Pegasus Tech Ventures
Bharti Telemedia	350	Warburg Pincus
Nazara Technologies	203 	IIFL Asset Management, Rakesh Radheyshyam Jhunjhunwala, Plutus Wealth Management, GIC
Amagi Media	195 	Accel India Management, Avataar Capital Management, Norwest Venture Partners, PremjiInvest
Hubilo	153	Balderton Capital, Alkeon Capital Management, Lightspeed Management
Zupee	150	Nepean Capital, WestCap Group, Tomales Bay Capital, AJ Capital, Matrix Partners, Orios Venture Partners, Falcon Edge
Zee Entertainment	133	GIC, Morgan Stanley PE, Wellington Management, HSBC Global Investment Fund
PVR	128	Warburg Pincus, Multiples
MX Player	110 	Tencent Holdings, Times Internet
Saregama	101	ADIA, GIC, Quebec Deposit and Investment Fund

 Start-up Unicorn

## Spotlight: Media and entertainment sector investment trend

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

Company	PE investors	Sub-sector	Year	US\$m	Stake (%)
Viacom18 Media Private Limited	Bodhi Tree System	TV/Radio broadcasting	2022	1,812	40
Dream Sports Fields Private Limited	Falcon Edge Capital, DST Global, D1 Capital, Tiger Global Management, TPG Capital Asia	Online gaming	2021	840	11
VerSe Innovation Private Limited (Dailyhunt)	CPP Investment Board, Sofina SA, Luxor Capital, Ontario Teachers Pension Plan, Sumeru Ventures	Online news	2022	805	16
IPL franchise for Ahmedabad	CVC Capital	Gaming and sports	2021	749	100
Mohalla Tech Private Limited (Sharechat)	India Quotient Fund, Lightspeed, Tiger Global and others	Social media	2021	502	NA
VerSe Innovation Private Limited (Dailyhunt)	The Qatar Investment Authority, B Capital, Sofina SA, Carlyle and others	Online news	2021	450	NA
Sporta Technologies Private Limited (Dream11)	Steadview Capital, Tiger Global, ChrysCapital, D1 Capital, Falcon Edge and others	Online gaming	2021	400	NA
Bharti Telemedia Limited	Warburg Pincus	TV/Radio broadcasting	2017	350	20
Mohalla Tech Private Limited (ShareChat)	Alkeon Capital Management, Temasek, HarbourVest, Moore Capital	Social media	2021	266	7
Sporta Technologies Private Limited (Dream11)	Tiger Global, ChrysCapital and others	Online gaming	2020	225	NA

A close-up photograph of two business professionals shaking hands. The person on the left is wearing a dark blue suit jacket and a silver watch. The person on the right is wearing a red suit jacket and a purple and white striped shirt cuff. In the background, other people in business attire are visible, and a glass and coffee cups are on a table in the foreground.

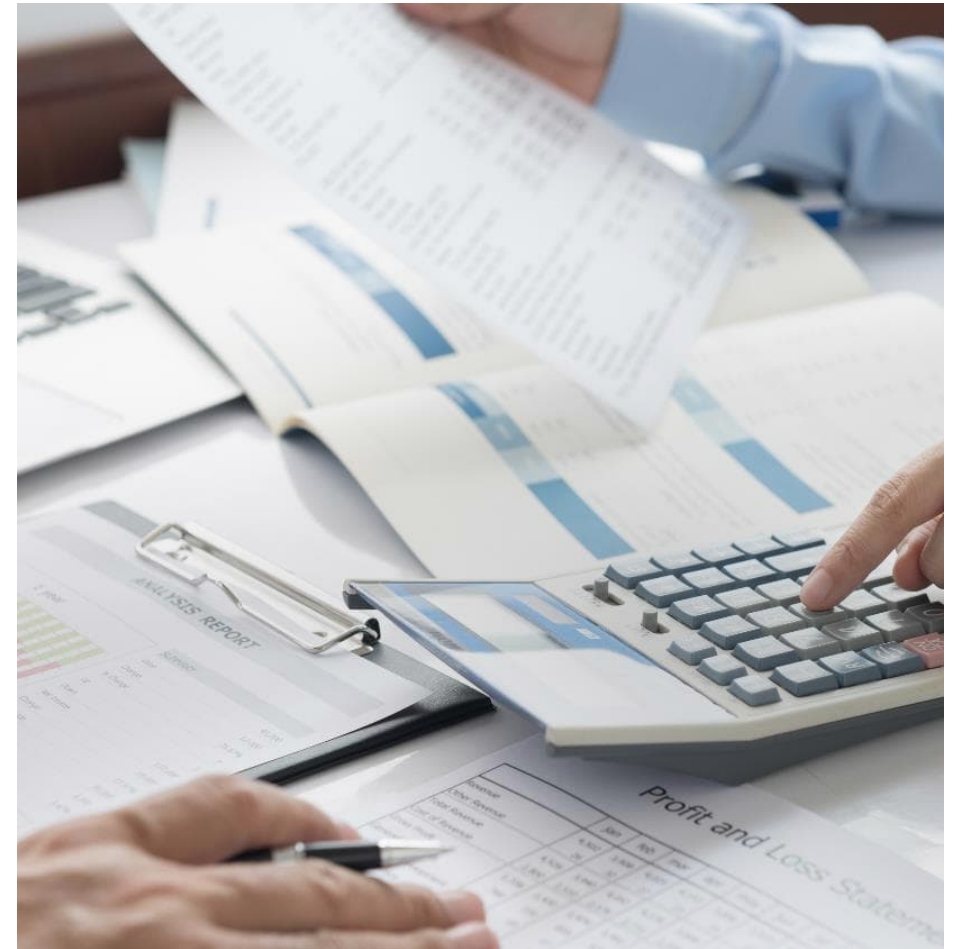
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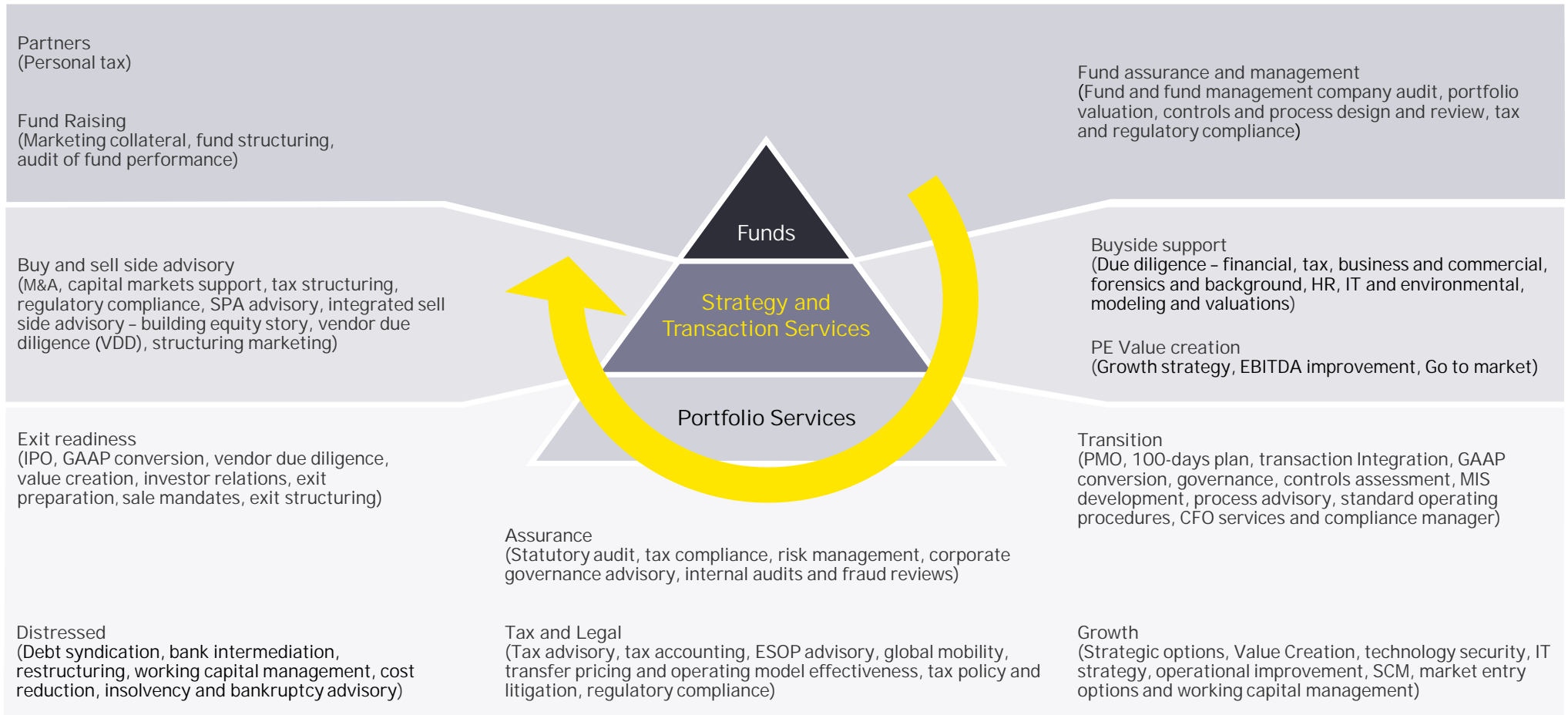
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