

How do you make sure
technology is serving
your business strategy
and not the other way
around?

The IVCA-EY monthly PE/VC roundup –
April 2021



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



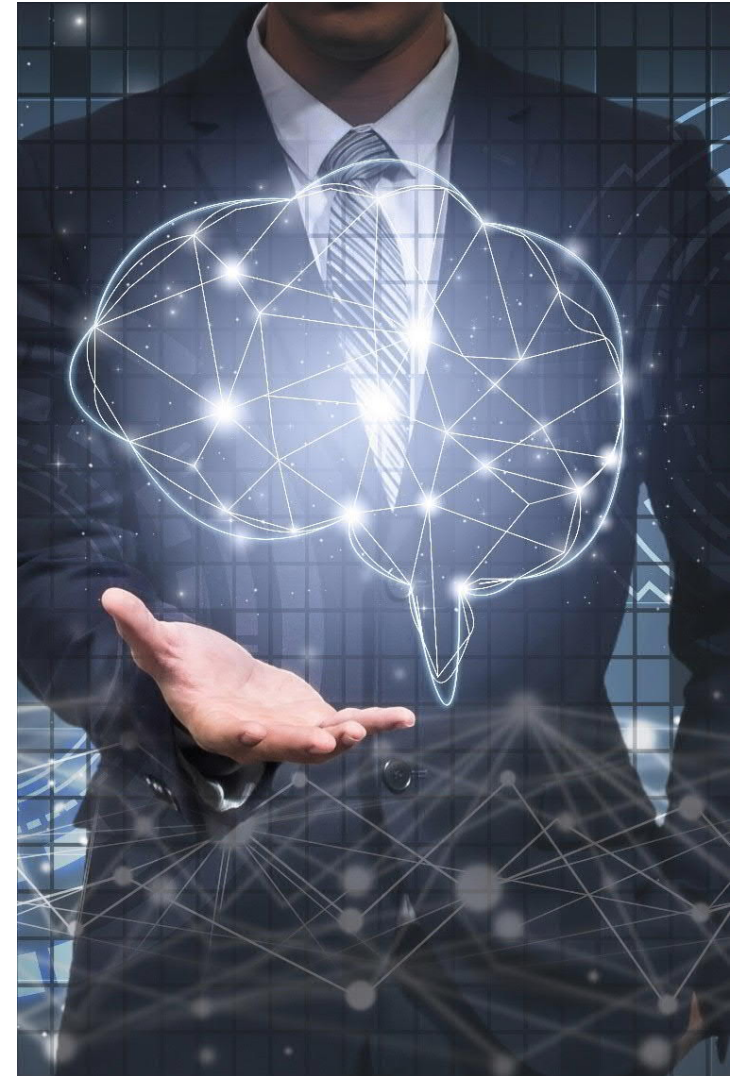
Our thoughts




2021 has recorded four straight months of sequential increase in PE/VC investments, increasing from US\$1.6 billion in January to US\$7.5 billion in April 2021. On a y-o-y basis, investments recorded more than a seven -fold increase due to the low base effect, as investments in April 2020 were severely curtailed by the then growing uncertainty around the spread of COVID-19. The revival in PE/VC investments has been driven by increase in large deals (value > US\$100m). Of the 41 large deals recorded in the first four months of 2021, 32 were in the past two months. While COVID resilient sectors like pharma, healthcare, edtech, online media, SaaS, technology and IT/ITeS continue to see good traction in both value and volume of PE/VC deals, there has been a significant uptick in the value and volume of investments in the e-commerce sector. E-commerce sector has recorded US\$3.7 billion in PE/VC investments in the four months of 2021 compared to US\$2.8 billion recorded in full-year 2020. The pandemic has accelerated the adoption of e-commerce, which has led to a significant increase in the valuation of many direct to consumer businesses. The sustainability of this trend will be significantly influenced by the equity markets response to the upcoming listing debut of many e-commerce businesses like Zomato, Nykaa, Policybazaar, Flipkart, Delhivery and Grofers that are reportedly aiming for IPO's.

PE/VC exits too have picked up momentum in 2021 with exits worth US\$7 billion in the first four months, which is 17% higher than the total value recorded last year. In addition to the uptick in IPOs, as forecast in our annual report, strategic exits too have picked up momentum recording US\$2.3 billion so far, highest value in past three years. Large well funded corporates are taking advantage of the current environment to consolidate businesses/and or acquire online capabilities to enhance the value proposition of their existing brick and mortar businesses.

Notwithstanding the encouraging build up in PE/VC investment and exit activity in 2021, the second wave of COVID-19 infections is surging in India. New variants of the virus and the slow vaccine rollout are raising fresh concerns which is also reflected in the sharp decline in the number of deals in April 2021 compared to the rising trend in the first three months. We expect investors to remain circumspect till the COVID-19 infection/fatality curve flattens and more clarity emerges on the ramp-up of the vaccine rollout. Investors will be closely watching government policy action for combating this second wave and COVID resilient sectors will continue to be in favor in the short to medium term. Further, the impact of the pandemic on the country's macro and fiscal health is an emerging cause of concern.





How do you make sure
that you are the
disruptor and not the
disrupted

Monthly trend analysis: April 2021



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



Key trends

Investments

- ▶ PE/VC investments in April 2021 (US\$7.5 billion) were 7.5 times the value recorded in April 2020 (US\$1.1 billion) and 37% higher compared to the previous month (US\$5.5 billion in March 2021). PE/VC investments in April 2020 had been impacted by COVID-19 related uncertainty that resulted in significant decline in investment activity. The number of deals declined by 12% y-o-y and 36% compared to the previous month (67 deals in April 2021 vs. 76 deals in April 2020 vs. 105 deals in March 2021). The sharp month-on-month decline in the number of deals could be due to investors becoming cautious on account of the rising second wave of COVID-19 infections in India.
- ▶ Pure play PE/VC investments (excluding real estate and infrastructure sectors) recorded more than seven-fold increase in value invested compared to April 2020 and 53% increase over the previous month (US\$6.8 billion in April 2021 vs. US\$930 million in April 2020 vs. US\$4.5 billion in March 2021), on the back of a few large deals, despite a 23% drop y-o-y and 38% drop month-on-month in the number of deals (57 deals in April 2021 vs. 74 deals in April 2020 vs. 92 deals in March 2021).
- ▶ The real estate and infrastructure asset class recorded a three-fold increase in value invested compared to April 2020 but a 36% decline over the previous month (US\$644 million in April 2021 vs. US\$208 million in April 2020 vs. US\$1 billion in March 2021). The number of deals recorded a five-fold increase y-o-y and a 30% decline month-on-month (10 deals in April 2021 vs. 2 deals in April 2020 vs. 13 deals in March 2021).
- ▶ Like in the previous month, the revival in deal activity in April 2021 has been driven by large deals. April 2021 recorded 15 large deals (value greater than US\$100 million) worth US\$6.1 billion compared to three large deals worth US\$475 million in April 2020 and 17 large deals worth US\$4 billion in March 2021. The largest deal in April 2021 saw a new fund of Blackstone along with ADIA, UC Investments and GIC announce acquisition of a majority stake (~75%) in Mphasis for around US\$2.8 billion. The deal involves an older fund of Blackstone (Blackstone, Blackstone Capital Partners VI) selling its ~55% stake in Mphasis to Blackstone Capital Partners Asia and Blackstone Capital Partners VIII while also announcing an open offer to acquire additional 26% stake, taking the combined planned purchase consideration to around US\$2.8 billion. The next large deal saw a group of investors including QIA, GIC, Goldman Sachs, Naspers and others invest US\$800 million in Swiggy.

Key trends

Investments (continued)

- ▶ In April 2021, buyouts were the largest deal segment with US\$3.2 billion recorded across five deals (US\$204 million across one deal in April 2020), mainly on account of the US\$2.8 billion Mphasis-Blackstone deal. Growth investments recorded US\$2.4 billion in investments across 23 deals (US\$370 million across 17 deals in April 2020). Start-up investments recorded US\$1.4 billion across 27 deals (US\$417 million across 51 deals in April 2020).
- ▶ From a sector point of view, technology was the top sector with US\$3.1 billion recorded across nine deals, mainly on account of the US\$2.8 billion Blackstone-Mphasis deals that got announced, followed by e-commerce with US\$1.5 billion in investments across 13 deals, highest value of monthly investments in the sector in the past 31 months. The pandemic has accelerated the adoption of e-commerce, which has led to the significant increase in valuations of many direct-to-consumer businesses, stoking significant investor interest. Financial services sector was next in line with US\$614 million invested across 12 deals and media and entertainment with US\$515 million invested across two deals.

Key trends

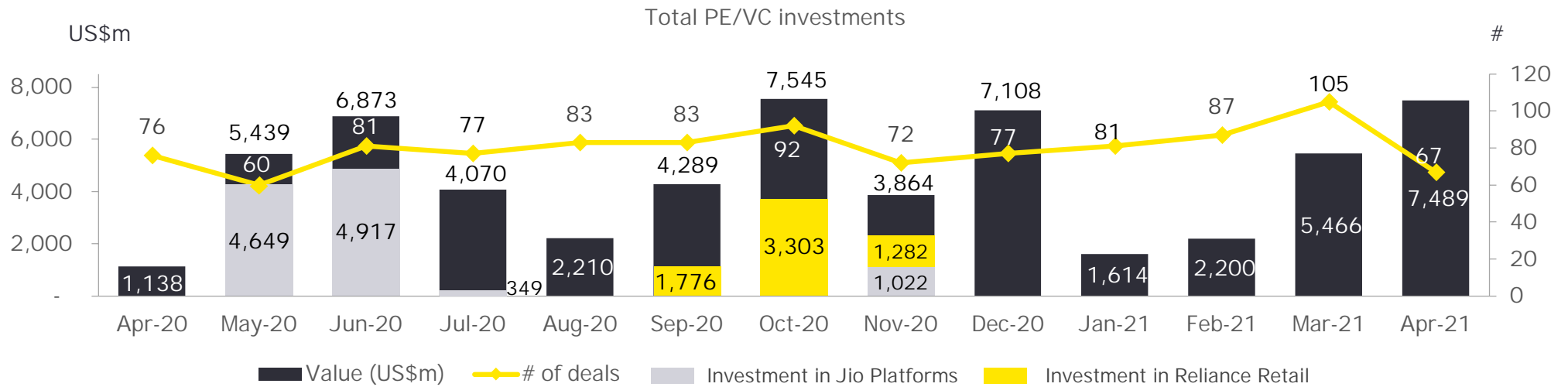
Exits

- ▶ April 2021 recorded 13 exits worth US\$2.7 billion, almost 23 times the value of exits in April 2020 (US\$117 million) and 25% higher than the value recorded in March 2021 (US\$2.1 billion). Secondary exits in April 2021 were highest at US\$2.1 billion across three deals which includes the US\$2 billion Mphasis exit by Blackstone.
- ▶ The largest exit in April 2021 saw an older fund of Blackstone (Blackstone, Blackstone Capital Partners VI) sell its ~55% stake in Mphasis to Blackstone Capital Partners Asia and Blackstone Capital Partners VIII fund for ~US\$2 billion. Another major exit saw Blackstone sell its stake in Aakash Educational Services Limited to Byju's for a part cash and part share swap consideration. Press reports indicate a deal valuation of US\$1 billion, value of Blackstone's stake of 37.5% in Aakash Educational Services Limited being ~\$375 million.

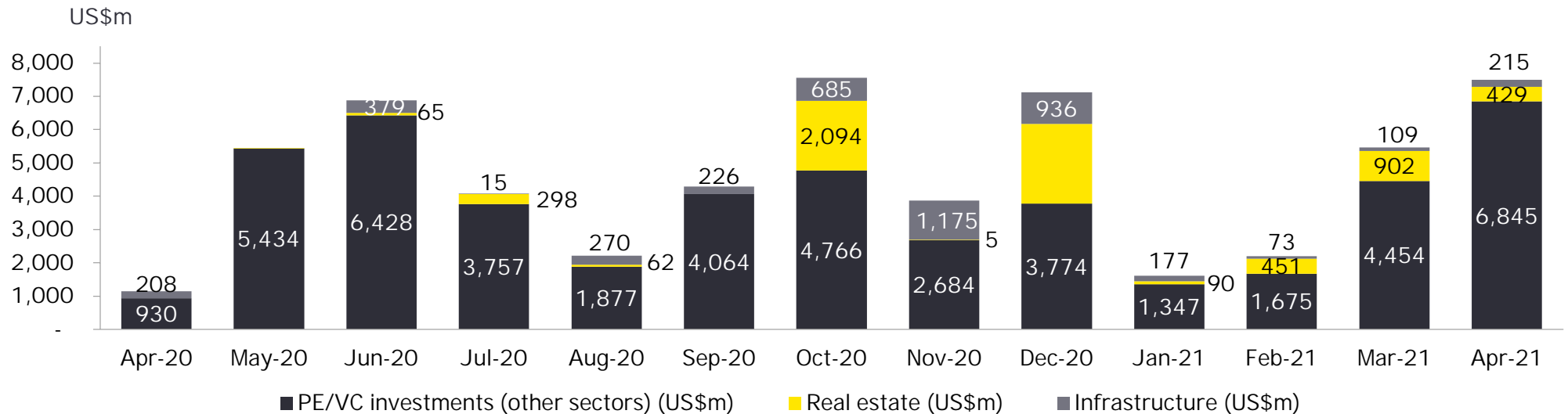
Fundraise

- ▶ April 2021 recorded total fundraises of US\$569 million compared to no fundraise in April 2020 amidst the COVID-19 uncertainty. The largest fundraise in April 2021 saw Alteria Capital raise US\$179 million in the first close of its second venture debt fund.

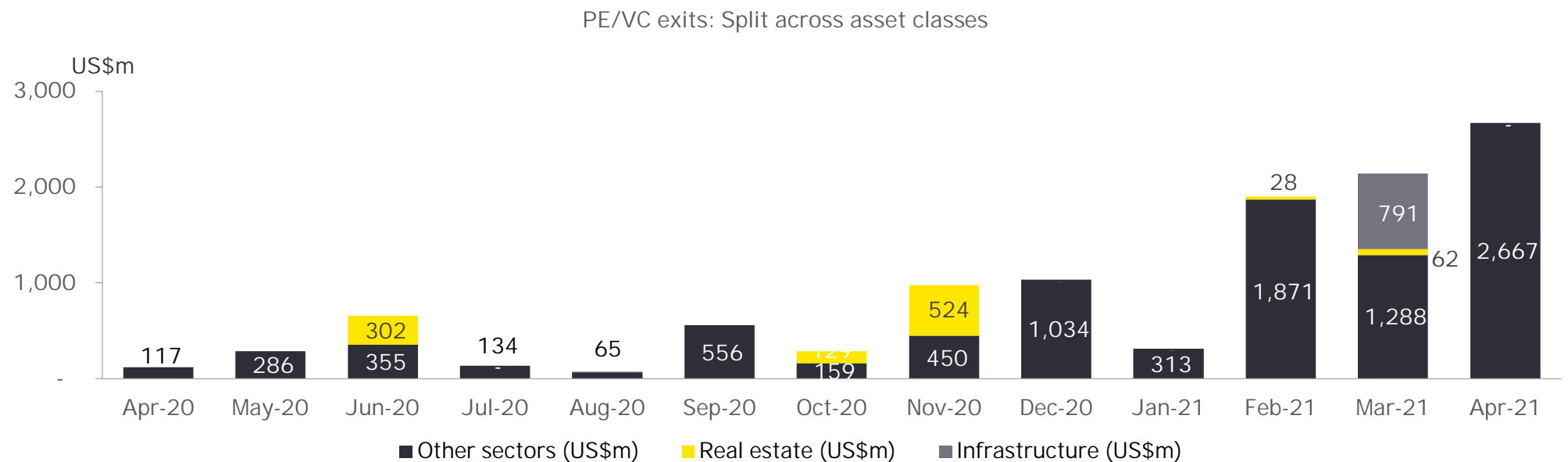
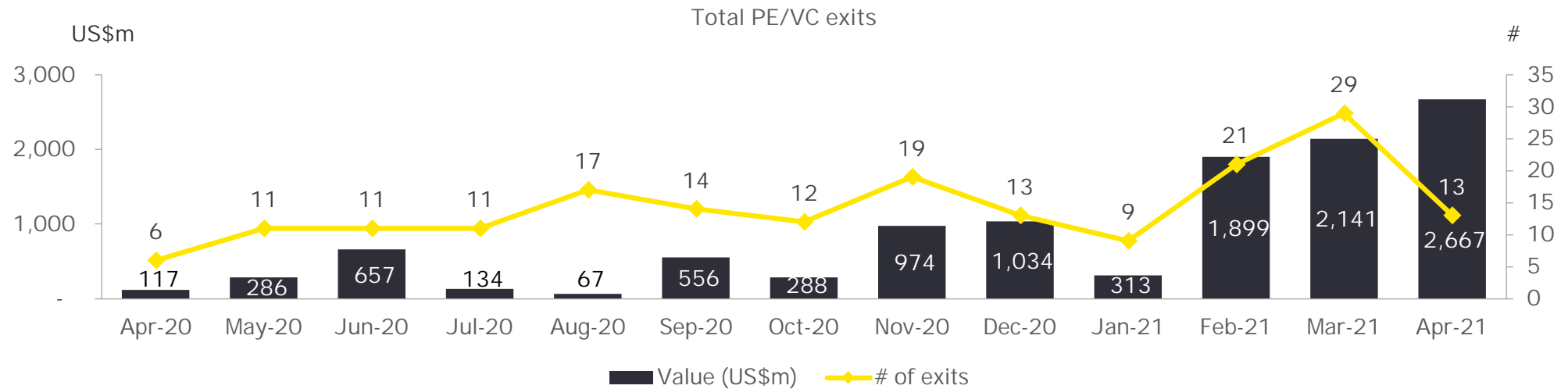
PE/VC monthly headline trends: investments



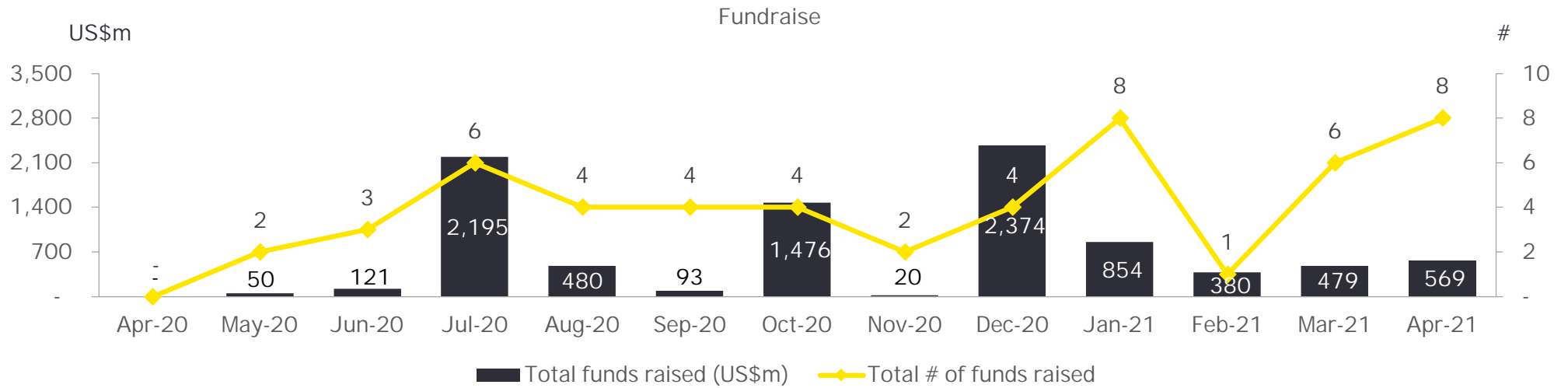
PE/VC investments: split across asset classes



PE/VC monthly headline trends: exits

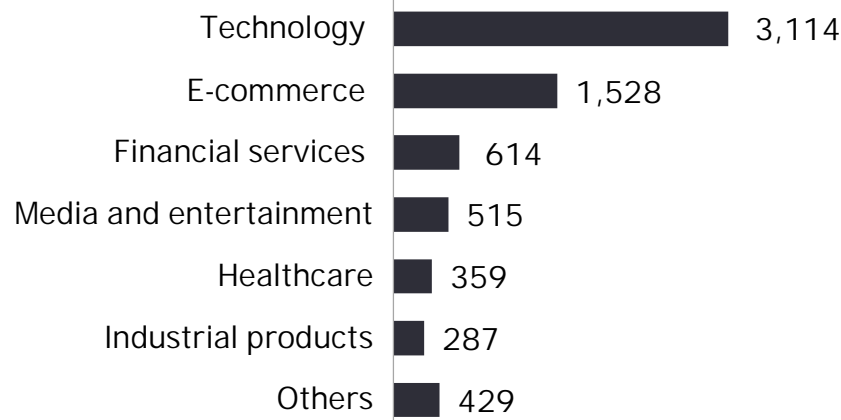


PE/VC monthly headline trends: fundraise

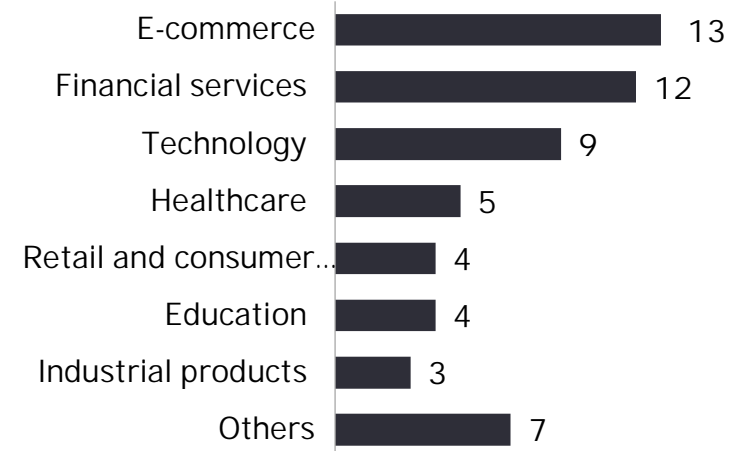


PE/VC investments: US\$6,845 million over 57 deals (excluding infrastructure and real estate investments)

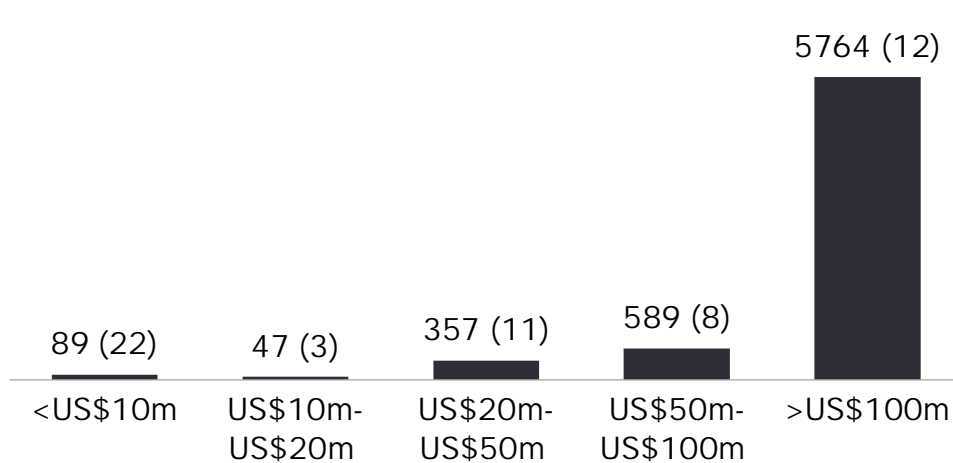
Top sectors by value US\$m



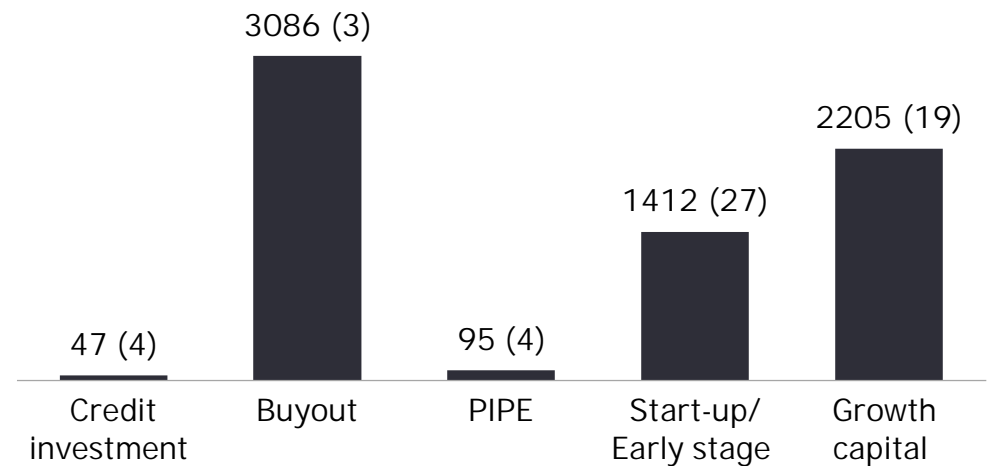
Top sectors by volume



Deal value US\$m (volume)



Deal type US\$m (volume)



RCP: Retail and consumer products

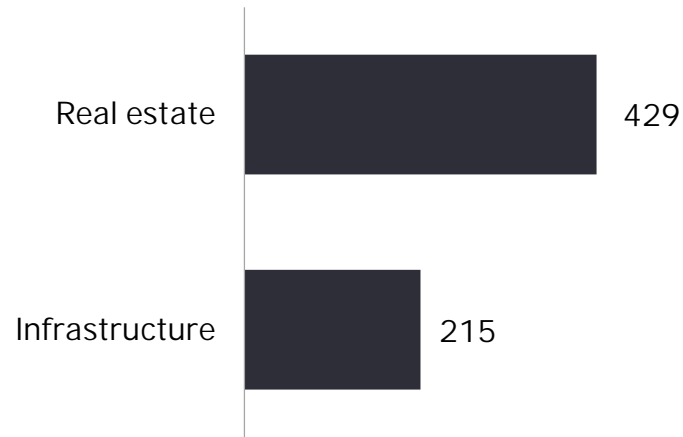
Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in April 2021

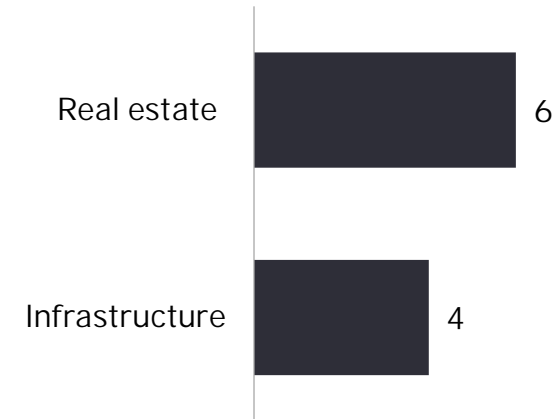
Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Mphasis Limited	Blackstone, ADIA, GIC, UC Investments	Technology	Buyout	~2,800	~75
Bundl Technologies Private Limited (Swiggy)	Falcon Edge, Prosus Ventures, Accel, Goldman Sachs, Qatar Investment Authority, GIC and others	E-commerce	Growth capital	800	16.0
Mohalla Tech Private Limited (Sharechat)	India Quotient Fund II, Lightspeed, Twitter Ventures, Tiger Global Management and others	Media and entertainment	Start-up	502	NA
Meesho Inc.	Prosus Ventures, Shunwei Capital, SoftBank and others	E-commerce	Start-up	300	NA
Manipal Healthcare Private Limited	NIIIF Strategic Opportunities Fund	Healthcare	Growth capital	286	NA
Parksons Packaging Limited	Warburg Pincus	Industrial products	Buyout	216	80.0
Urbanclap Technologies India Private Limited	Tiger Global Management, Prosus Ventures (Naspers), and others	E-commerce	Growth capital	188	NA
Razorpay Software Private Limited	Matrix India, Ribbit Capital, Sequoia Capital, GIC, Tiger Global Management	Financial services	Growth capital	160	5.3
Druva Inc.	Neuberger Berman Group, Viking Global Investors LP, Atreides Capital, Quebec Deposit and Investment Fund and others	Technology	Growth capital	147	NA
UpGrad Education Private Limited	Unilazer Ventures, Temasek Holdings Advisors India Pvt. Ltd.	Education	Start-up	129	NA

Infrastructure and real estate investments: US\$ 644 million over 10 deals

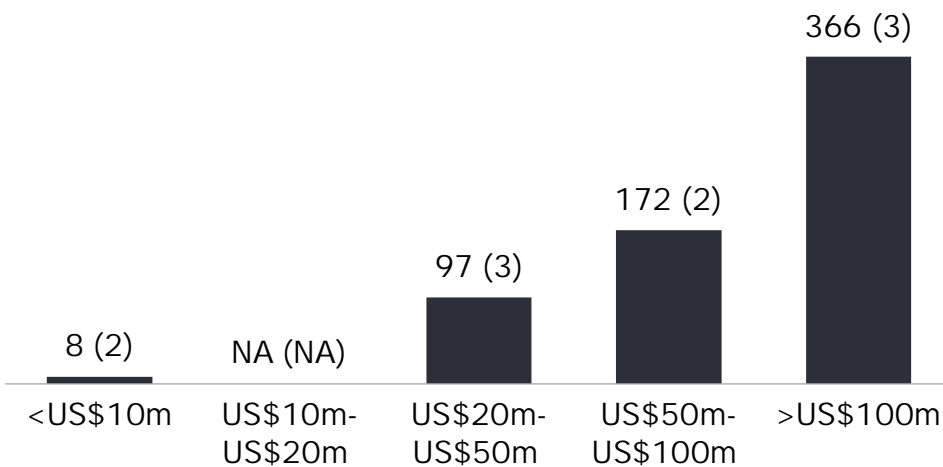
By value US\$m



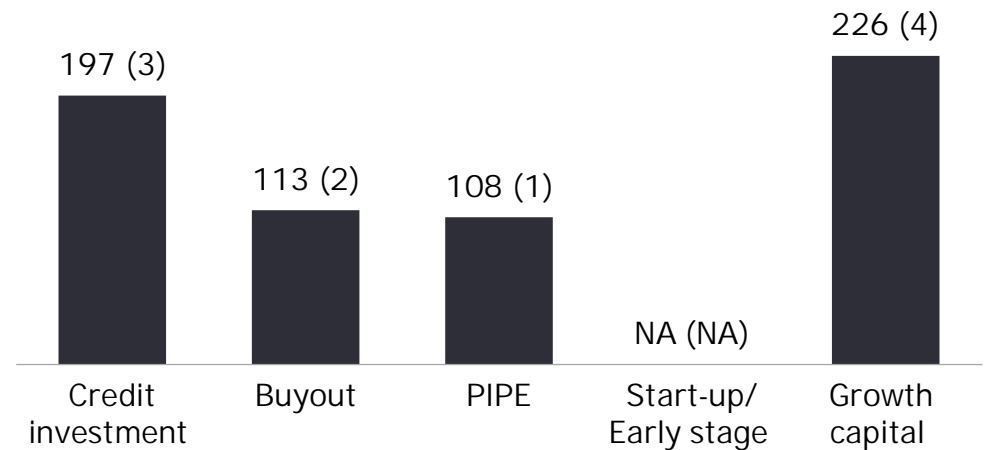
By volume



Deal value US\$m (volume)



Deal type US\$m (volume)



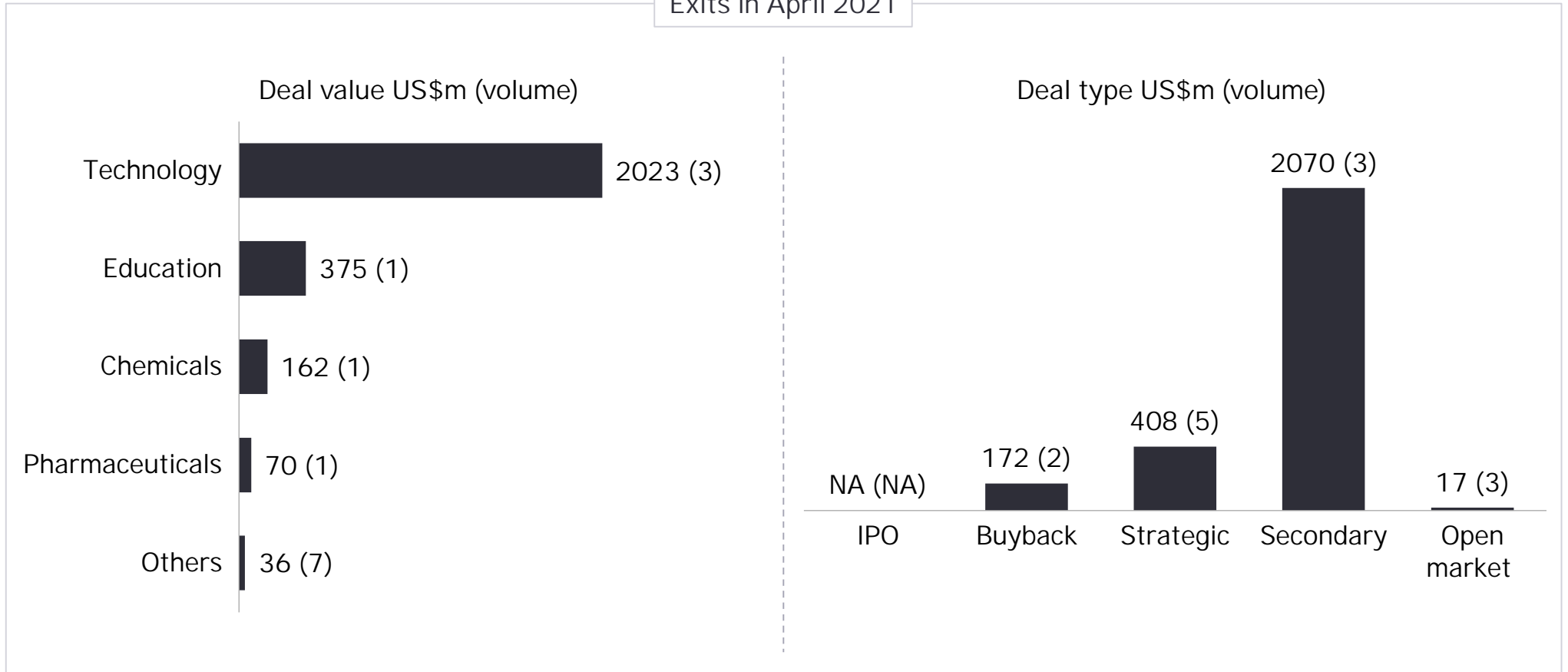
Top infrastructure and real estate investments

Top infrastructure and real estate investments in April 2021

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Phoenix Tech Zone Private Limited	Varde Partners	Real Estate	Credit investment	156	NA
PowerGrid InvIT	CPPIB	Infrastructure	PIPE	108	NA
Dtwelve Spaces Private Limited (Stanza Living)	Falcon Edge, Matrix Partners, Sequoia Capital and others	Real Estate	Growth capital	102	NA
Macrotech Developers (Lodha)	CDPO; ADIA, Abu Dhabi's sovereign fund; Brookfield Aand others	Real Estate	Growth capital	100	NA
152 MW rooftop solar assets of Azure Power Global	EverSource Capital	Infrastructure	Buyout	73	100

Exits: US\$2,667 million across 13 deals in April 2021

Exits in April 2021



Top exits

Top exits in April 2021

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Mphasis Limited	Technology	Blackstone Capital Partners VI	Blackstone Capital Partners Asia and Blackstone Capital Partners VIII	Secondary	~200 0	~55
Aakash Educational Services Limited*	Education	Blackstone	Think and Learn Private (Byju's)	Strategic	375	37.5
Privi Speciality Chemicals Limited	Chemicals	Fairfax	Privi Speciality Chemicals Limited	Buyback	162	48.8
Corona Remedies Private Limited	Pharmaceuticals	Creador	ChrysCapital	Secondary	70	19.5
Delvit Solutions Private Limited (Perpule)	Technology	Prime Venture Partners, Kalaari Capital, VH Capital	Amazon	Strategic	15	100.0
Pharmarack Technologies Private Limited	Pharmaceuticals	IvyCap Ventures, Currae Healthtech Fund, Unicorn India Ventures	IndoHealth Services	Strategic	10	30.0

*Blackstone sold its stake in Aakash Educational Services Limited to Byju's for part cash / part share swap consideration. Press reports suggest a deal valuation of US\$1 billion, value of Blackstone's stake of 37.5% in Aakash Educational Services Limited approximating to US\$375 million.

Fundraise

Top fundraise/announcements in April 2021

Status	Fund	US\$m	Strategy
Raised	Alteria Capital	179	Venture debt
Raised	Green Growth Equity Fund, Eversource Fund	137	Green infrastructure
Raised	JC Flowers India opportunities fund	100	Mid-sized distressed assets
Announced	Global Bees	75	Early stage
Announced	Kotak Investment Advisors	800	ESG compliant Infrastructure
Announced	Amazon Smbhav Venture Fund	250	Digitization of small and medium-sized businesses in Agriculture and healthcare
Announced	PI Ventures	76	AI and deep-tech start-ups

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, a baseball field is visible, surrounded by trees with yellow autumn foliage. The background features a dense urban skyline with various skyscrapers and buildings. A semi-transparent dark grey box is overlaid on the left side of the image, containing the text.

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.

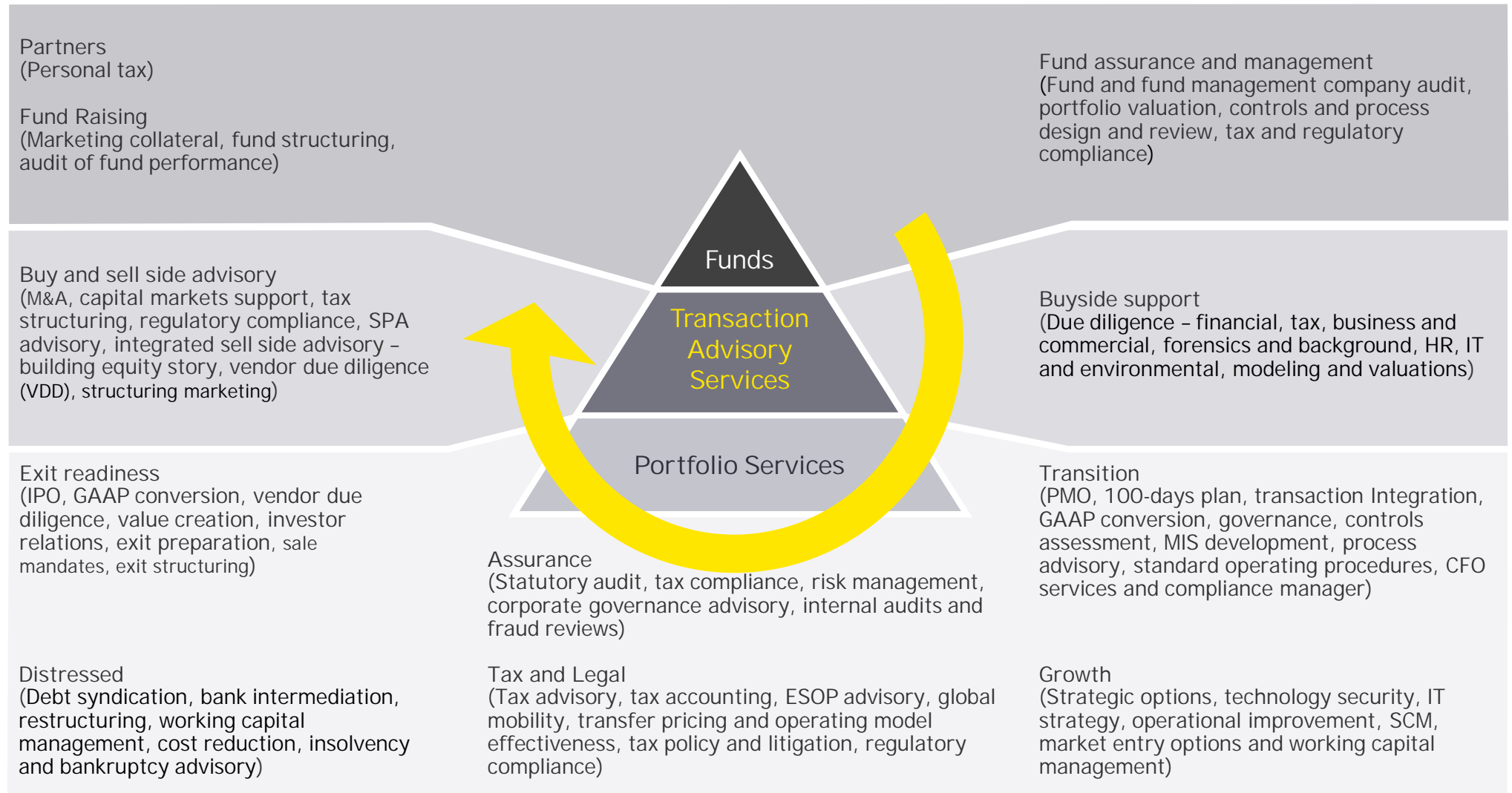
In India, EY is among the leading providers of advisory, tax, transactions and assurance services. The organization is also the number one professional services brand* in India, which is a testimony to our relentless commitment to deliver exceptional client service and create a better working world. 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.



Ernst & Young LLP

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/en_in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at 22 Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2021 Ernst & Young LLP. Published in India.
All Rights Reserved.

EYIN2105-005
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

ey.com/en_in

 @EY_India  EY  EY India  EY Careers India  @ey_indiacareers

Contacts

Private Equity Services

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

Rajan Satija
Director
E: Rajan.Satija@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

Sailesh Rao
Partner and National Leader
Corporate Finance Strategy
E: Sailesh.Rao@in.ey.com

PE Value Creation and Operational Transaction Services

Naveen Tiwari
Partner and National Leader
Operational Transaction Services
E: Naveen1.Tiwari@in.ey.com

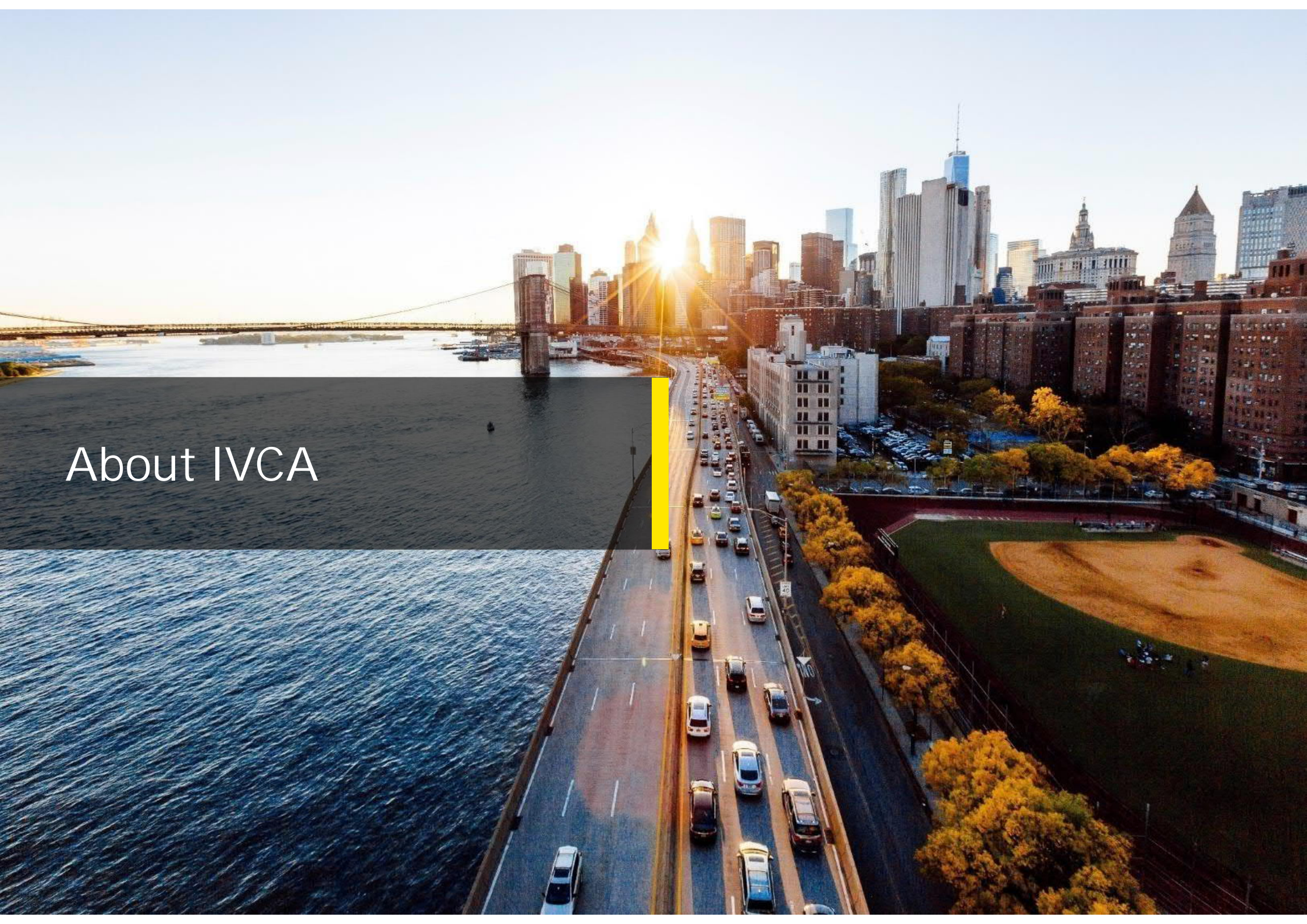
Research and Insights

Allwyn D'Souza
Senior Manager
E: Allwyn.Dsouza@in.ey.com

Brand, Marketing and Communications

Pooja Bhalla Mathur
Vice President
E: Pooja.Mathur@in.ey.com

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.

Contacts

Rajat Tandon
President, IVCA
E: Rajat.Tandon@ivca.in

Aakriti Bamniyal
Vice President, IVCA
E: aakriti@ivca.in

