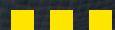




# Is private equity rewriting what value means?

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

The IVCA-EY monthly PE/VC roundup -  
May 2021



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





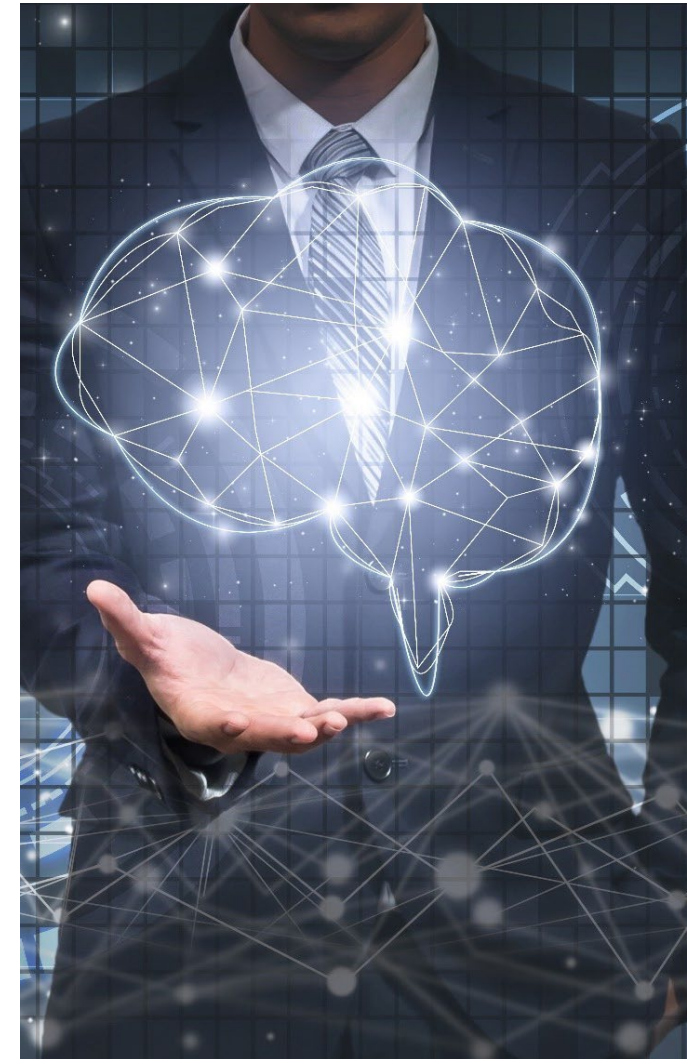
# Our thoughts


“

May 2021 recorded PE/VC investments of US\$3.6 billion, significantly lower than levels seen in April 21 (US\$7.5 billion) and March 21 (US\$5.4 billion). Notwithstanding this dip in May 2021, on a YTD basis, PE/VC investment trends remain bullish. In the first five months of 2021, PE/VC investments have surpassed US\$20 billion, almost twice the value recorded in the same period last year. It is clear that PE/VC investors are now able to price in COVID-19 associated risks better than they were in April / May 2020. This revival in PE/VC investments has been driven by a record increase in investment value in 'COVID resilient' sectors like e-commerce (US\$4.3 billion), technology (US\$3.8 billion), pharma (US\$1.4 billion), media and entertainment (US\$1.2 billion), education (US\$885 million), healthcare (US\$801 million) as well as a revival of PE/VC investments in financial services (US\$3.1 billion). We expect this 'polarisation' of investments to continue till the outlook on pandemic related lockdowns and disruptions changes materially.

PE/VC exits too have picked up momentum in 2021 with May 2021 recording the second best month ever with exits worth US\$12 billion. As a result, 2021 has emerged as the second best year for PE/VC exits after 2018 with exits worth US\$19.3 billion in the first five months. This is more than three times the total exit value recorded last year. Strategic exits have been the biggest driver of this rise, recording US\$12.7 billion so far as 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. We expect capital markets driven exits to increase meaningfully as a number of Indian 'unicorns' follow up on their IPO plans. Equity markets reaction to these maiden listings will be a bell weather event for the Indian start-up eco-system, and could potentially fire up more investments as well as exit activity in 2021 and 2022.

As COVID infections subside materially in developed countries and there is a steady rise in vaccinations, the outlook on global trade and commerce is improving. In India too, lockdowns are being relaxed in a phased manner, raising hopes for the economy returning to better days. Investors will be closely watching the Government's preparedness to avert/deal with a possible third wave, better vaccine rollout and the impact of the pandemic on the country's macro and fiscal health in the coming months. The rise in global inflation, its impact on commodity prices and the Fed's reaction to rein in inflation may emerge as a key macro risk for India.





Will the past be the  
prologue for private  
equity?

Monthly trend analysis: May 2021



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Building a better  
working world



# Key trends

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## Investments

- ▶ PE/VC investments in May 2021 (US\$3.6 billion) were 33% lower compared to May 2020 (US\$5.4 billion) and 52% lower compared to the previous month (US\$7.5 billion in April 2021). PE/VC investments in May 2020 were propped up by large investments worth US\$4.6 billion in Jio Platforms. The number of deals in May 2021 were at par with May 2020 and 14% lower compared to April 2020 (60 deals in May 2021 vs. 60 deals in May 2020 vs. 70 deals in April 2021).
- ▶ Pure play PE/VC investments (excluding real estate and infrastructure sectors) recorded a 54% decline in value invested compared to May 2020 and 64% decline compared to previous month (US\$2.5 billion in May 2021 vs. US\$5.4 billion in May 2020 vs. US\$6.8 billion in April 2021), due to fewer large deals. If we exclude the deals in RIL group entities last year; then, pure play PE/VC investments in May 2021 are almost 4.6 times the value recorded in May 2020 (US\$790).
- ▶ The real estate and infrastructure asset class recorded over US\$1.1 billion in investments in May 2021, a significant improvement compared to US\$5 million in May 2020 and US\$644 million in April 2021, on the back of the large Blackstone-Embassy Industrial Parks deal worth US\$715 million.
- ▶ May 2021 recorded nine large deals (value greater than US\$100 million) worth US\$2.7 billion compared to five large deals worth US\$4.9 billion in May 2020 and 15 large deals worth US\$6.1 billion in April 2021. The largest deal in May 2021 saw Blackstone RE buyout Embassy Industrial Parks Private Limited from Warburg Pincus and the Embassy Group for US\$715 million. The next large deal saw Multiples and CPPIB buyout Zydus Animal Health and Investments Limited for US\$400 million.

# Key trends

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## Investments (continued)

- ▶ In May 2021, growth investments were the largest deal segment with US\$2 billion recorded across 20 deals (US\$4.9 billion across 13 deals in May 2020), a 59% decline y-o-y. The significantly high value of growth investments in May 2020 was on account of US\$4.6 billion invested in Jio Platforms. Buyouts recorded US\$1.2 billion in investments across six deals (US\$283 million across three deals in May 2020). Start-up investments recorded US\$317 million across 30 deals (US\$167 million across 34 deals in May 2020).
- ▶ From a sector point of view, real estate with US\$916 million recorded across four deals was at the top, mainly on account of the US\$715 million Blackstone-Embassy Industrial Parks deal, followed by financial services with US\$818 million in investments across nine deals. Next in line were Pharmaceuticals with US\$733 million invested across three deals and e-commerce with US\$305 million invested across eight deals.

# Key trends

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## Exits

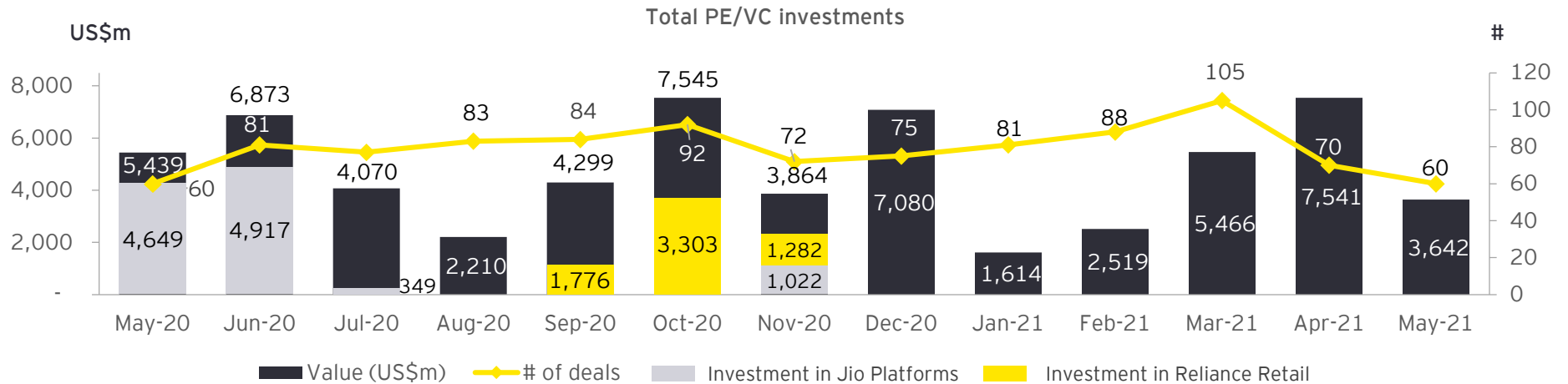
- ▶ May 2021 recorded 18 exits worth US\$12 billion, almost 42 times the value of exits in May 2020 (US\$286 million) and almost 4 times the value recorded in April 2021 (US\$2.7 billion). This is the second highest monthly value of exits after the US\$16 billion recorded in September 2018 due to the Flipkart-Walmart deal. Strategic exits in May 2021 were highest at US\$10.4 billion across seven deals which includes the sale by CPPIB and Partners Group of their 90% stake in Global Logic for US\$8.6 billion to Hitachi and the sale by Softbank of its 80% stake in SB Energy for ~US\$1.8 billion (EV of US\$3.5 billion) to Adani Green Energy Limited (AGEL), which were also the largest exits in 2021<sup>1</sup>.
- ▶ Another major exit in May 2021 saw Carlyle sell a partial stake in SBI Life Insurance for US\$531 million.

## Fundraise

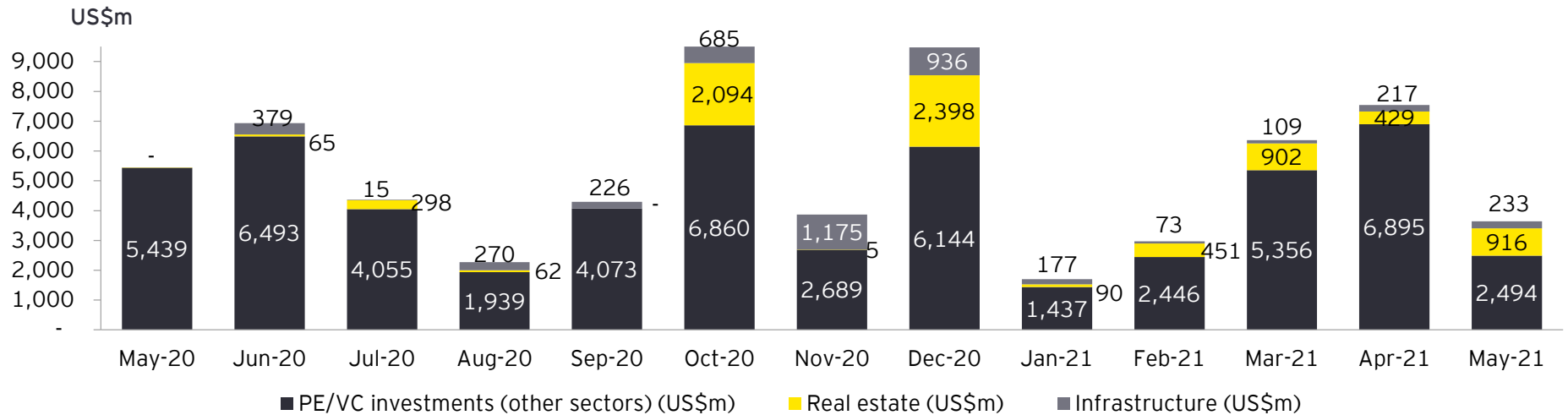
- ▶ May 2021 recorded total fundraises of US\$154 million compared to US\$50 million raised in May 2020 amidst the COVID-19 uncertainty. The largest fundraise in May 2021 saw Motilal Oswal raise US\$89 million in the first close of its fifth real estate fund.

<sup>1</sup> Both these deals are announced and awaiting closure

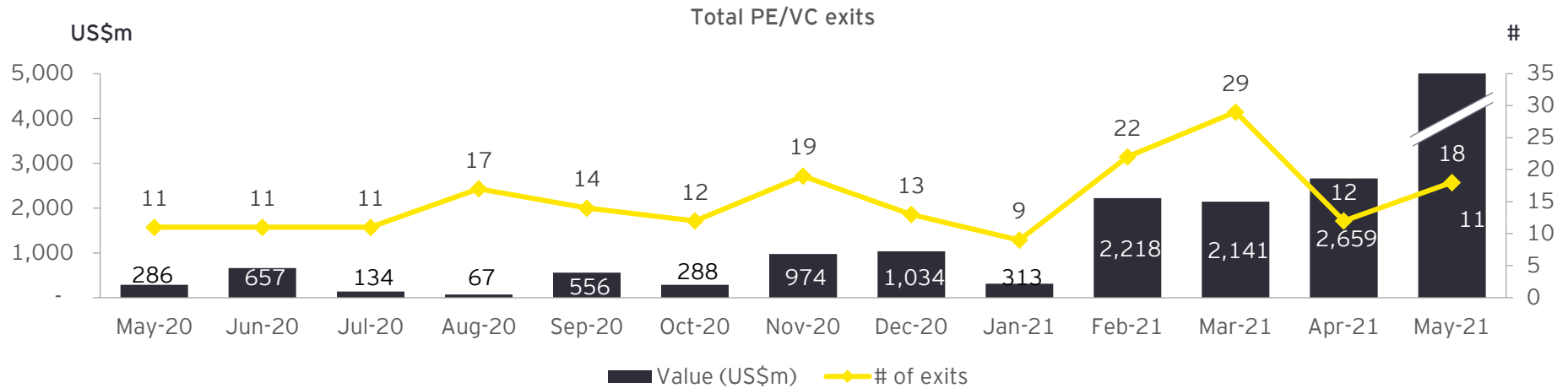
# PE/VC monthly headline trends: investments



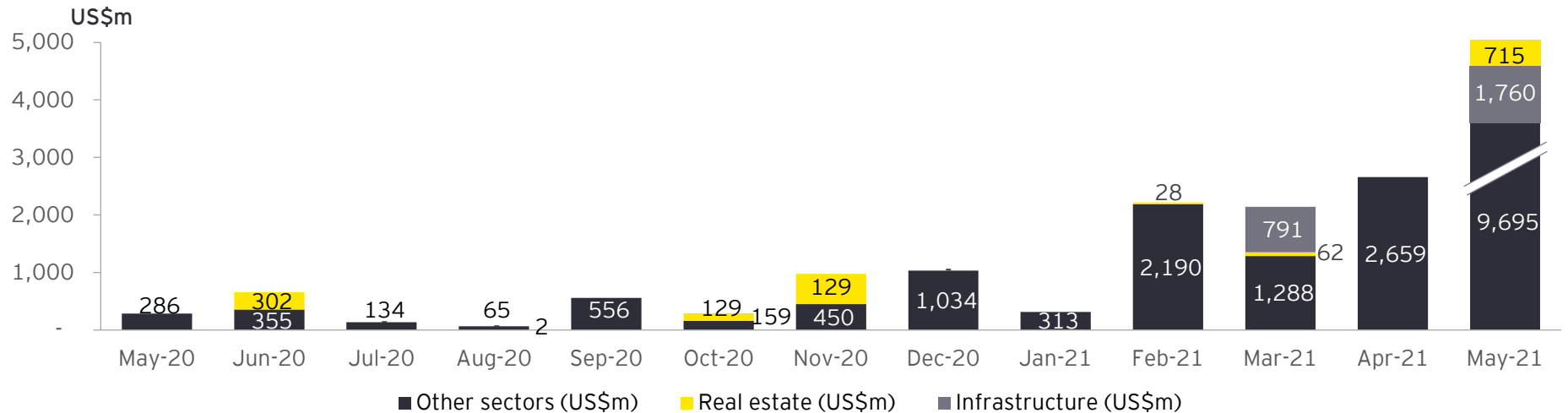
## PE/VC investments: split across asset classes



# PE/VC monthly headline trends: exits

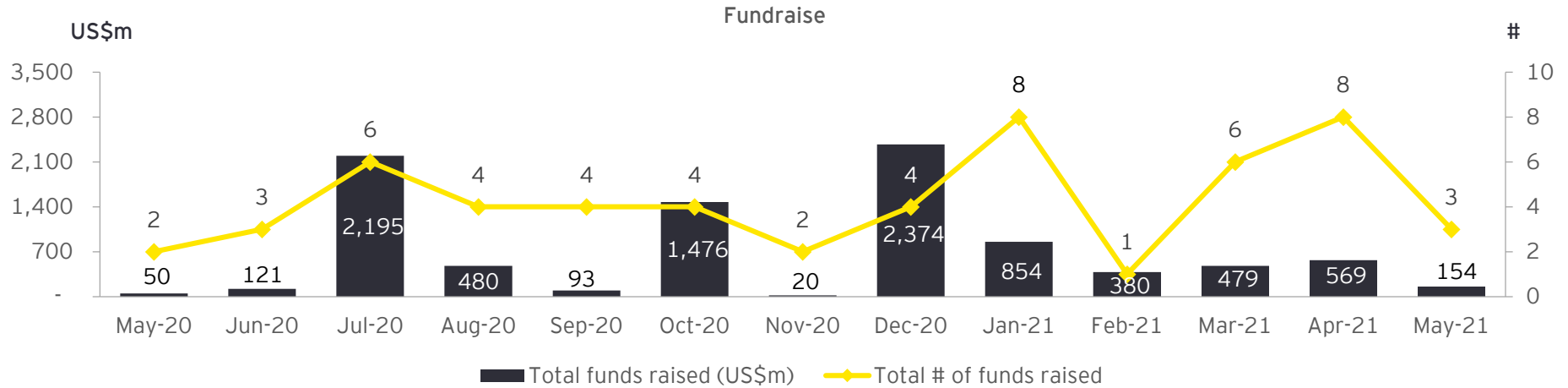


## PE/VC exits: split across asset classes



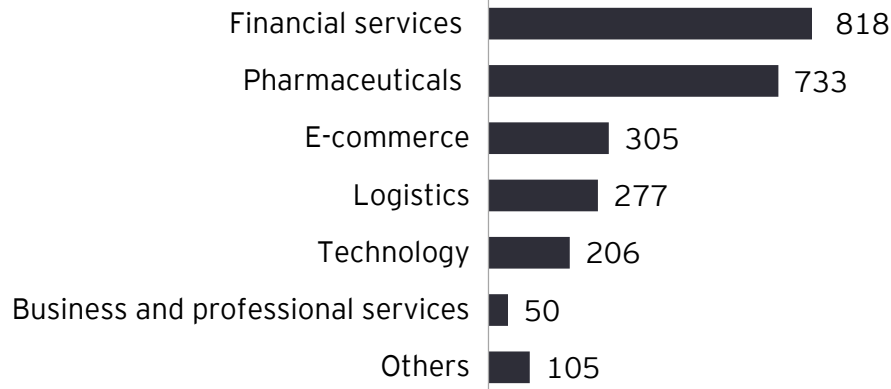


# PE/VC monthly headline trends: fundraise

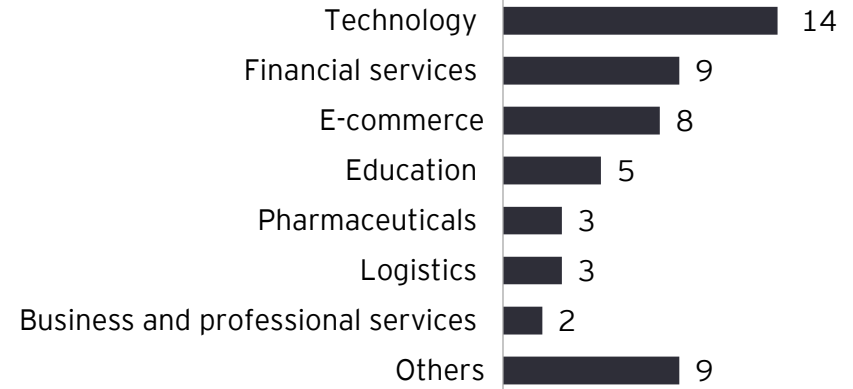


# PE/VC investments: US\$2,494 million over 53 deals (excluding infrastructure and real estate investments)

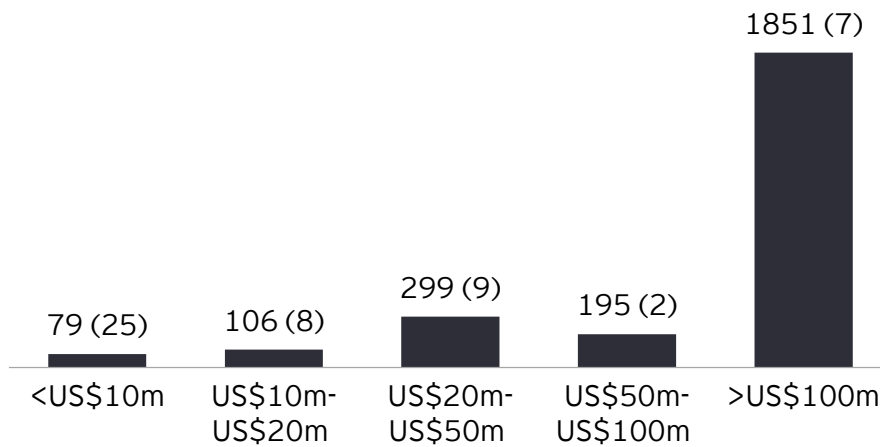
Top sectors by value US\$m



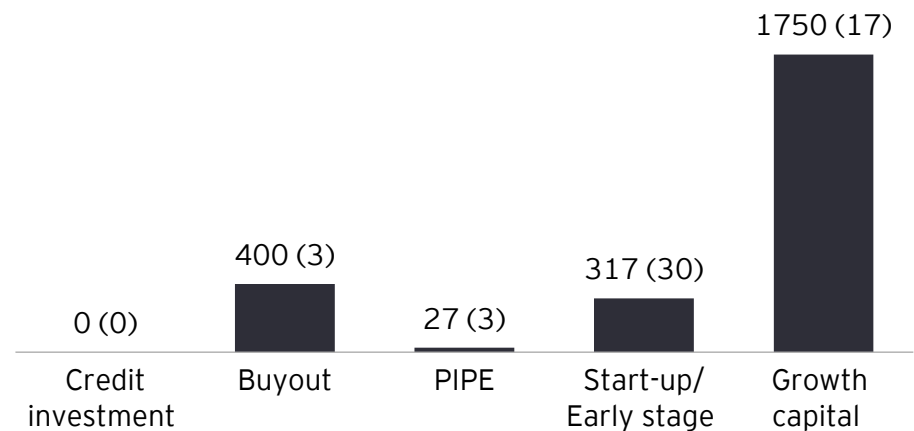
Top sectors by volume



Deal value US\$m (volume)



Deal type US\$m (volume)



RCP: Retail and consumer products

# Top PE/VC investments

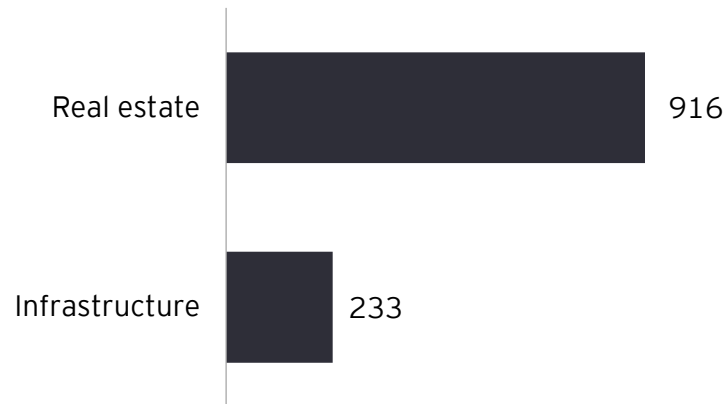
## Top PE/VC investments excluding infrastructure and real estate in May 2021

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Zydus Animal Health and Investments Limited (Zydus AH)	Multiples, CPPIB	Pharmaceuticals	Buyout	400	100
Aragen Life Sciences Private Limited	Goldman Sachs (Principal Investments)	Pharmaceuticals	Growth capital	333	33
Pine Labs Private Limited	Moore Capital, Baron Capital, Lone Pine Capital, Temasek, and others	Financial services	Growth capital	285	1
Delhivery Private Limited	Baillie Gifford and Company, FMR, GIC, Chimera Investments	Logistics	Growth capital	277	9
Better World Technology Private Limited (Zeta.in)	SoftBank and others	Financial services	Growth capital	250	17
National Stock Exchange of India Limited	CPPIB	Financial services	Growth capital	150	NA
Moglilabs Private Limited	Falcon Edge Capital, Venture Highway, Tiger Global Management, Sequoia Capital and others	E-commerce	Growth capital	120	12
Robotic Wares Private Limited (Fareye)	Eight Roads Ventures, Honeywell Venture Capital, Dragoneer Investment Group, and others	Technology	Growth capital	100	NA
Lenskart Solutions Private Limited	KKR	E-commerce	Growth capital	95	NA

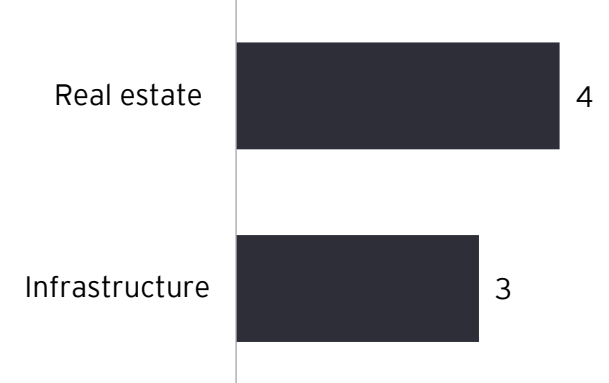


# Infrastructure and real estate investments: US\$ 1,148 million over 7 deals

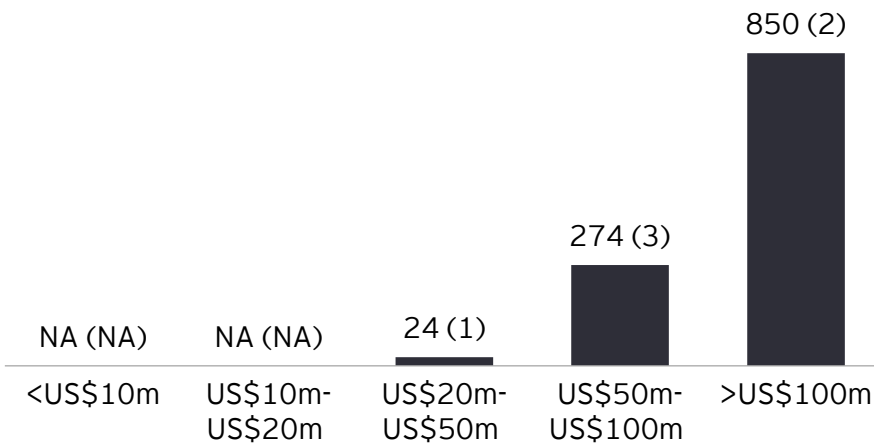
By value US\$m



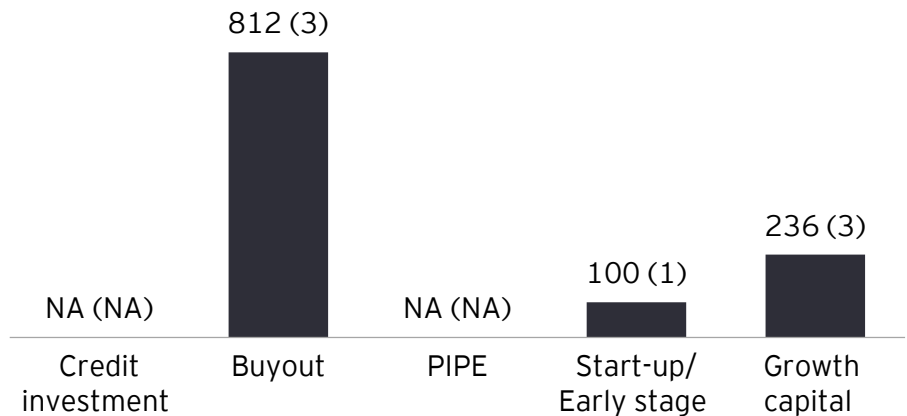
By volume



Deal value US\$m (volume)



Deal type US\$m (volume)



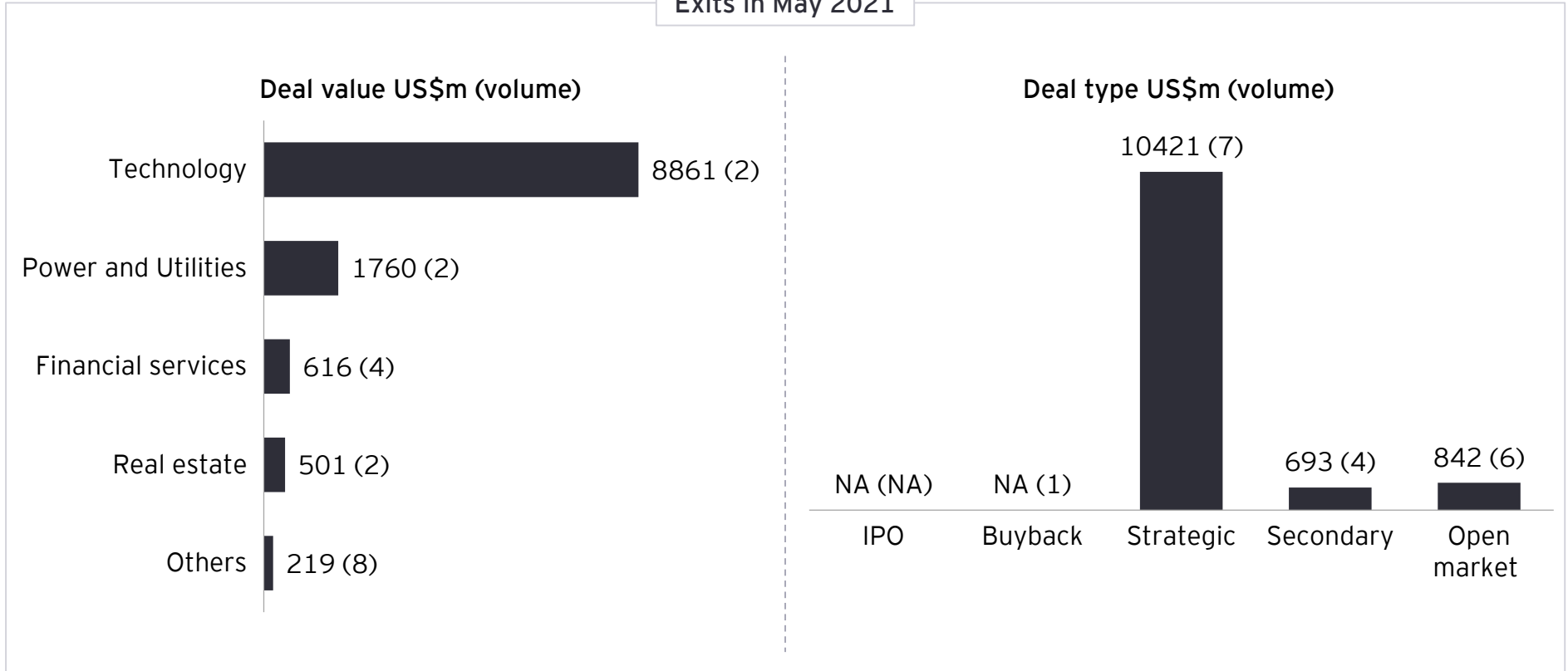
# Top *infrastructure* and *real estate* investments

## Top infrastructure and real estate investments in May 2021

Company	PE investors	Sector	Stage	US\$m	Stake (%)
Embassy Industrial Parks Private Limited	Blackstone RE	Real estate	Buyout	715	100
IndInfravit Trust	CPPIB	Infrastructure	Growth capital	135	16
Dtwelve Spaces Private Limited (Stanza Living)	Sequoia Capital, Redwood Trust, Matrix Partners, Falcon Edge, SCI investments	Real estate	Start-up	100	NA
HKR Roadways Limited	Kotak Special Situations Fund	Infrastructure	Buyout	97	74
Mindstone Mall Developers Private Limited	CPPIB	Real estate	Growth capital	77	49

# Exits: US\$12 billion across 18 deals in May 2021

Exits in May 2021





# Top exits

## Top exits in May 2021

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
GlobalLogic Inc.*	Technology	CPPIB, Partners Group	Hitachi	Strategic	8,640	90
SB Energy Holdings*	Power and Utilities	Softbank	Adani Green Energy Limited (AGEL)	Strategic	~1,760	80
SBI Life Insurance Company Limited	Financial services	Carlyle	NA	Open market	531	4
Embassy Industrial Parks Private Limited	Real estate	Warburg Pincus	Blackstone RE	Strategic	501	70
Coforge Limited	Technology	Baring Asia Private Equity	NA	Open market	221	8
Aragen Life Sciences Private Limited	Pharmaceuticals	ChrysCapital	Goldman Sachs (Principal Investments)	Secondary	168	17

\*Deals are announced and pending closure

# Fundraise

## Top fundraise/announcements in May 2021

Status	Fund	US\$m	Strategy
Raised	Motilal Oswal Real Estate (MORE)	89	Provide senior secured debt in post-approval projects
Raised	BPEA Credit - India Fund III	40	Credit investments
Raised	Jungle Ventures	25	Early stage, high-growth companies in sectors such as consumer internet, fintech, business to business (B2B), small and medium enterprises (SME) and tech-focused companies
Announced	Blume Ventures	150	Early stage
Announced	Stride Ventures	137	Early stage

An aerial photograph of a city skyline at sunset. The sun is low on the horizon, casting a golden glow over the buildings and the water. A multi-lane highway runs parallel to the water, with several cars visible. To the right of the highway is a baseball field with a green field and a brown infield. The sky is a mix of blue and orange. 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.

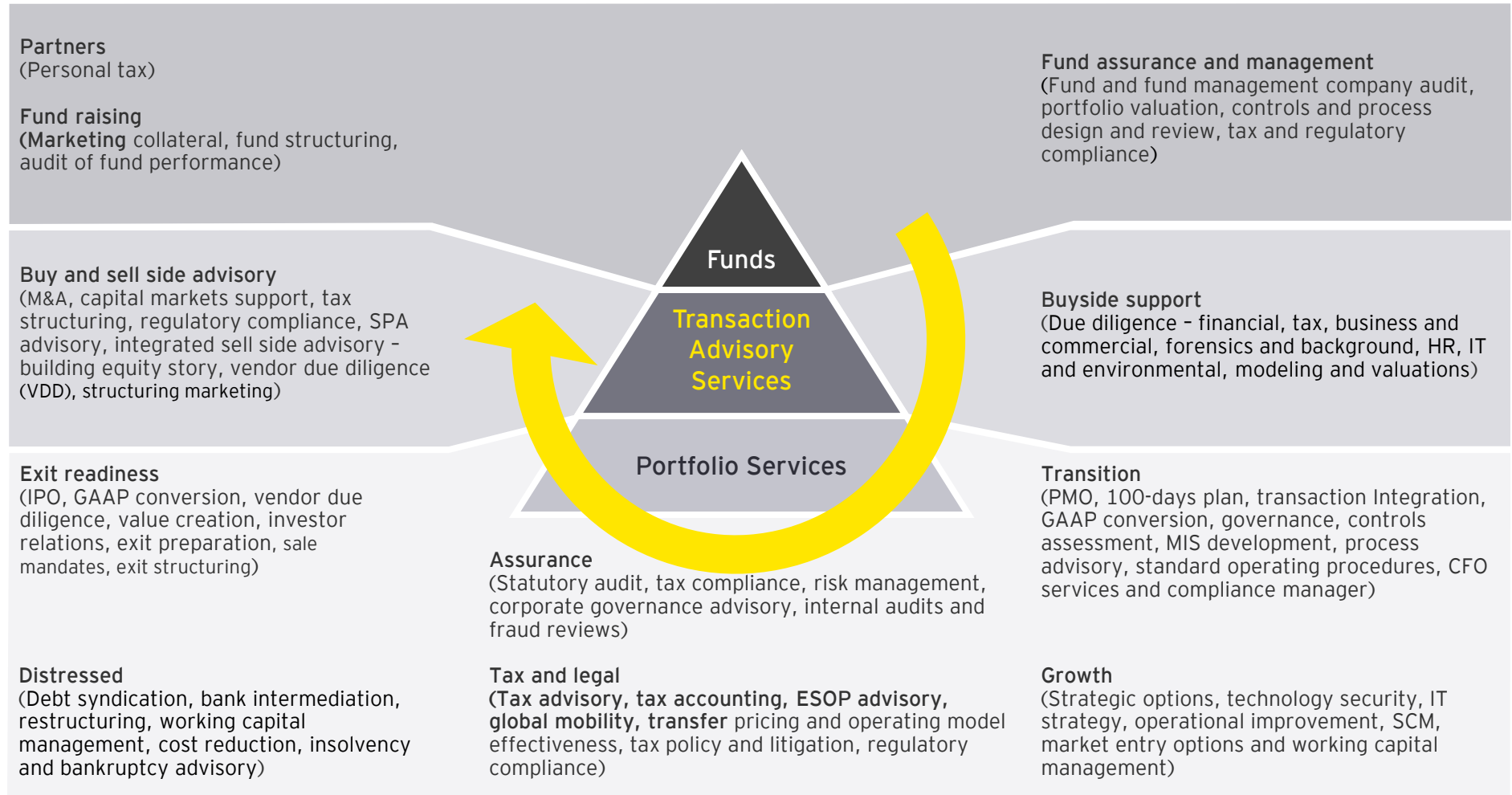
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- ▶ EY's India Private Equity Services practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment 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.



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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. The bridge is filled with cars, and a yellow vertical bar is positioned on the right side of the road. To the right of the highway, there is a baseball field with a green field and a brown infield. The background features a dense city skyline with various skyscrapers and buildings, including a prominent white building with a dome. The sky is a clear, pale blue.

# 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.

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