

How can our insight enrich your next deal opportunity?

Learn how we give private equity deal teams the edge they need to thrive in the Transformative Age

The IVCA-EY monthly PE/VC roundup - April 2020



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



EY

Building a better working world

Our thoughts

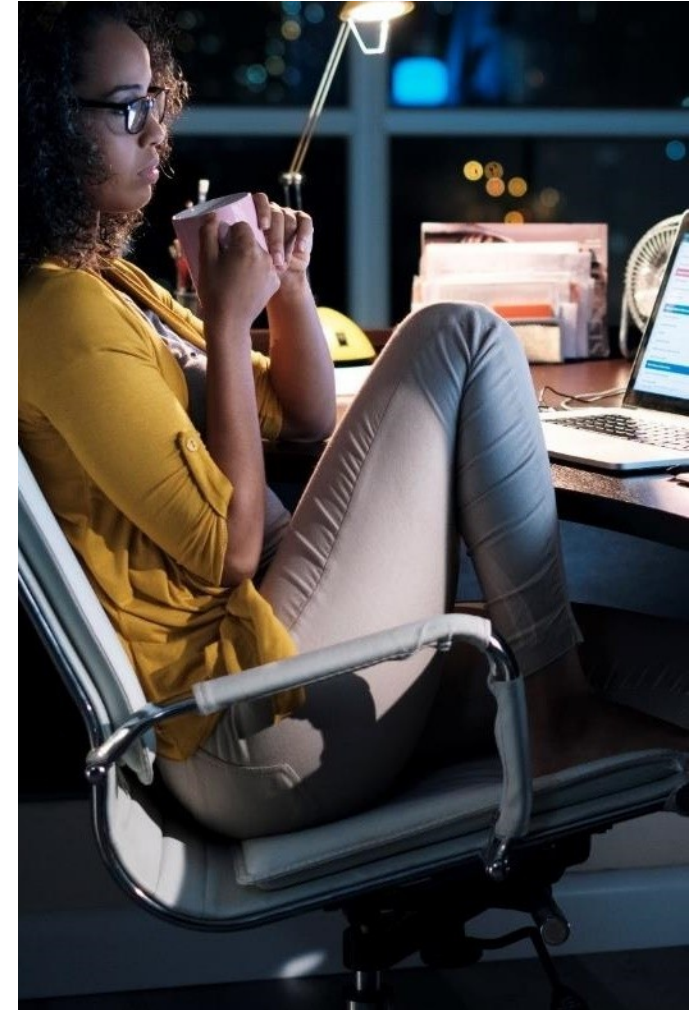
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As projected, PE/VC deal activity has continued its declining trend in April 2020. Investments, exits and fundraises are at multi-month lows. Barring one US\$100m+ deal, few PIPE/open market deals and a couple start-up deals in the food/essential services delivery space, most other segments did not record noteworthy deal activity. As projected, no fresh LP commitments were made towards India-dedicated funds in April.

Though the Indian Government has begun the phasing-out of the lockdown and announced graded relaxation of mobility restrictions, economic activity is far from being back to normal. With major economic centers around the country being classified as ‘red zones’, business activity recovery is expected to take time. We believe PE/VC investors would continue with the ‘wait and watch’ approach as uncertainty around business continuity, sales forecasts, supply chains and valuations persists.

On the positive side, the larger, well capitalized funds have started formulating strategies to take advantage of opportunities and are scouting for investment ideas. The large FDI deals announced by Jio Platforms with Facebook, Silverlake and Vista Partners are expected to boost sentiment as the Who’s Who of Silicon Valley begins to recognize the potential of a digitally connected India.

LP: Limited partner



How does the right edge redefine private equity's boundaries?

Learn how our proprietary deal insights
help private equity deal teams thrive in
the Transformative Age

Monthly trend analysis - April 2020



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Building a better
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Key trends: monthly

Investments

- ▶ At US\$881 million, April 2020 recorded the third straight month of decline in PE/VC investments in 2020 and the lowest monthly value of deals in 34 months. In terms of value, PE/VC investments in April 2020 declined by 73% y-o-y and 1.9% compared to last month. In term of volume, deals in April 2020 declined 34% y-o-y and 12% sequentially (65 deals in April 2020 vs. 99 in April 2019 vs. 74 deals in March 2020).
- ▶ Like in March 2020, there was only one large deal (value greater than US\$100 million) worth US\$204 million in April 2020 compared to eight large deals worth US\$1.7 billion last year. The largest deal announced in April saw KKR buy out five solar assets of 317 MW capacity from Shapoorji Pallonji Infrastructure for US\$204 million.
- ▶ In April 2020, all deal types recorded significant decline in value invested on a y-o-y basis. Start-up deals were the highest in value in April 2020 with US\$347 million recorded across 44 deals, a decline of 61% y-o-y (US\$899 million in April 2019) followed by growth investments worth US\$205 million across 14 deals, 59% y-o-y decline (US\$505 million in April 2019) and a single buyout worth US\$204 million, 76% y-o-y decline (US\$865 million in April 2019). Private investment in public equity (PIPE) deals worth US\$119 million across four deals were recorded in April 2020 compared to US\$588 million across five deals in April 2019.
- ▶ From a sector point of view, infrastructure sector (US\$208 million across two deals) emerged as the top sector due to the large buyout of solar assets by KKR, followed by financial services (US\$168 million across eight deals) which had the large PIPE deal where GIC invested US\$99 million in Bandhan Bank and e-commerce (US\$145 million across 10 deals) which saw some big investments in the hyperlocal delivery of food/essential services companies - Swiggy and Bigbasket.

Key trends: monthly

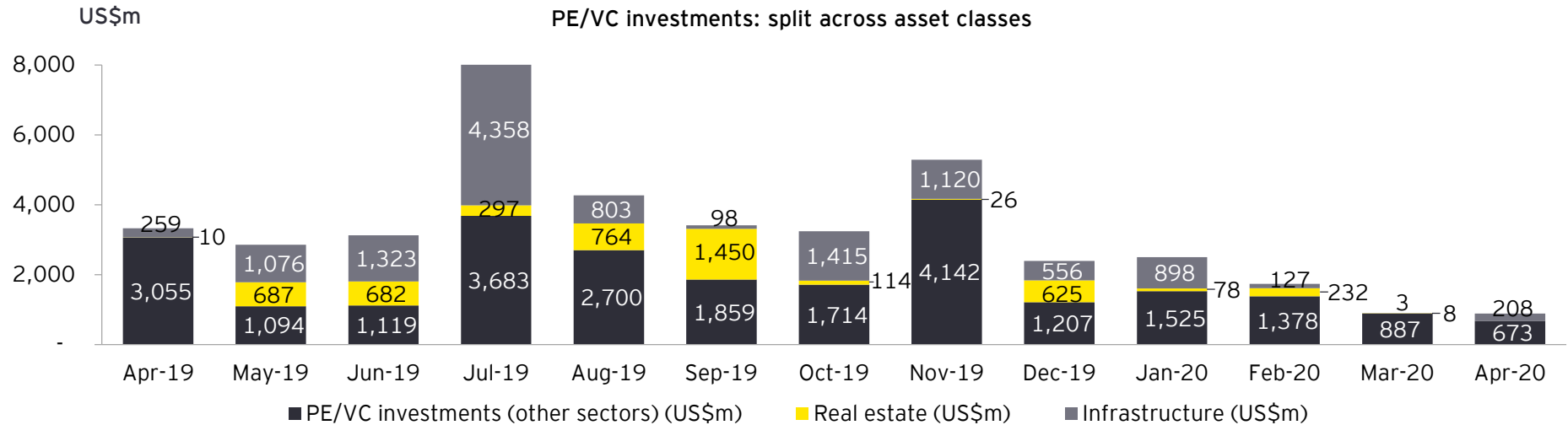
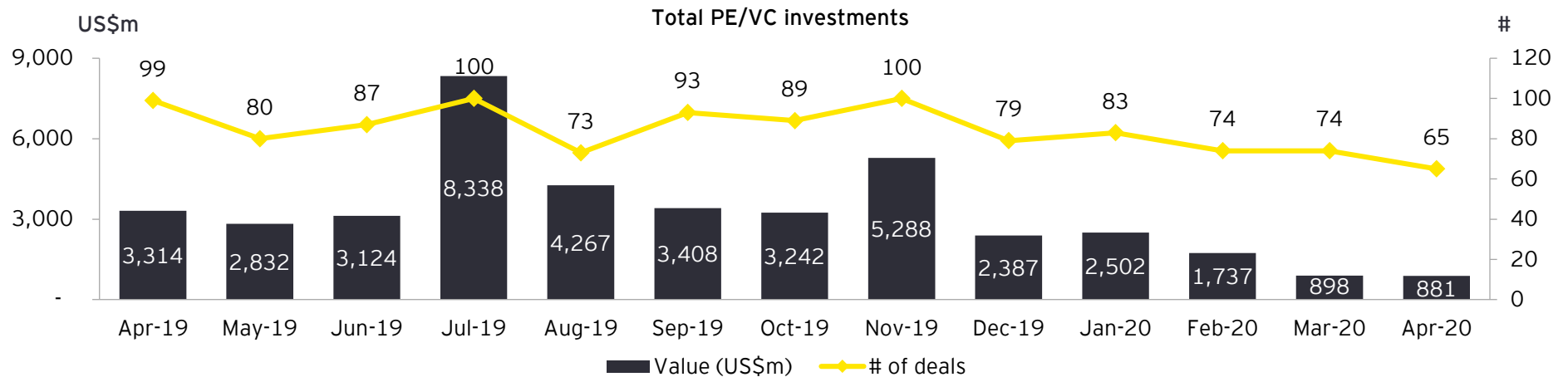
Exits

- ▶ April 2020 recorded five exits worth US\$117 million, lowest value of exits in 41 months and the lowest number of exits in 70 months. On a y-o-y basis exits were down by 91% in value (US\$1.3 billion in April 2019) and 89% lower than March 2020 (US\$1.1 billion).
- ▶ The largest exit in April 2020 saw Carlyle sell its 13% stake in Metropolis Healthcare Limited for US\$100 million.
- ▶ In April 2020, open market exits were highest at US\$117 million across two deals, while the deal value for other deals was not available.
- ▶ Healthcare was the top sector in April 2020 on account of the US\$100 million exit by Carlyle from Metropolis Healthcare Limited.

Fundraise

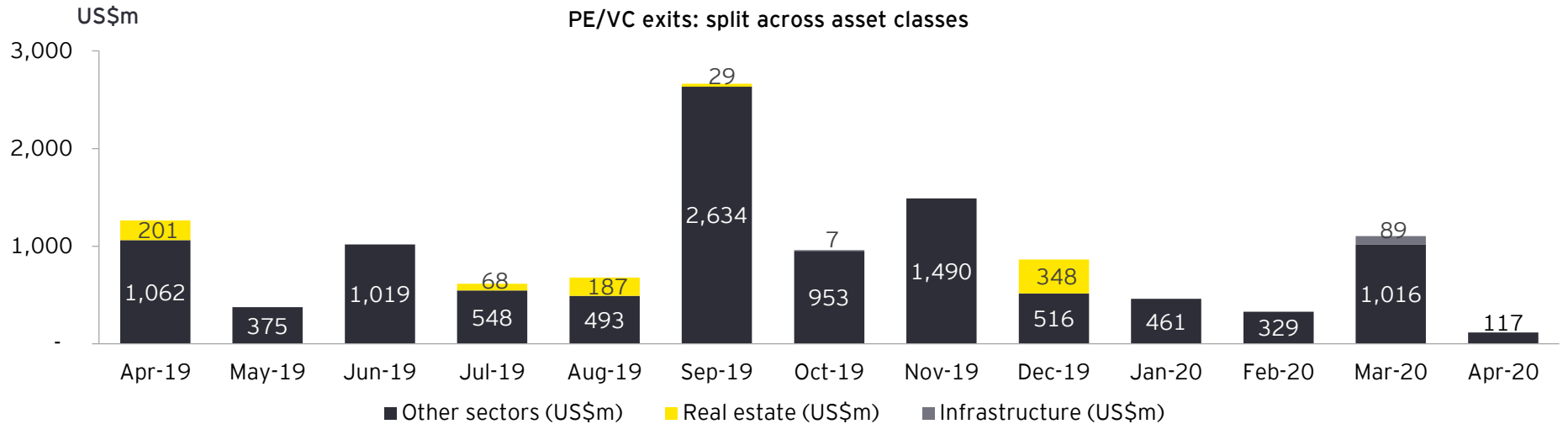
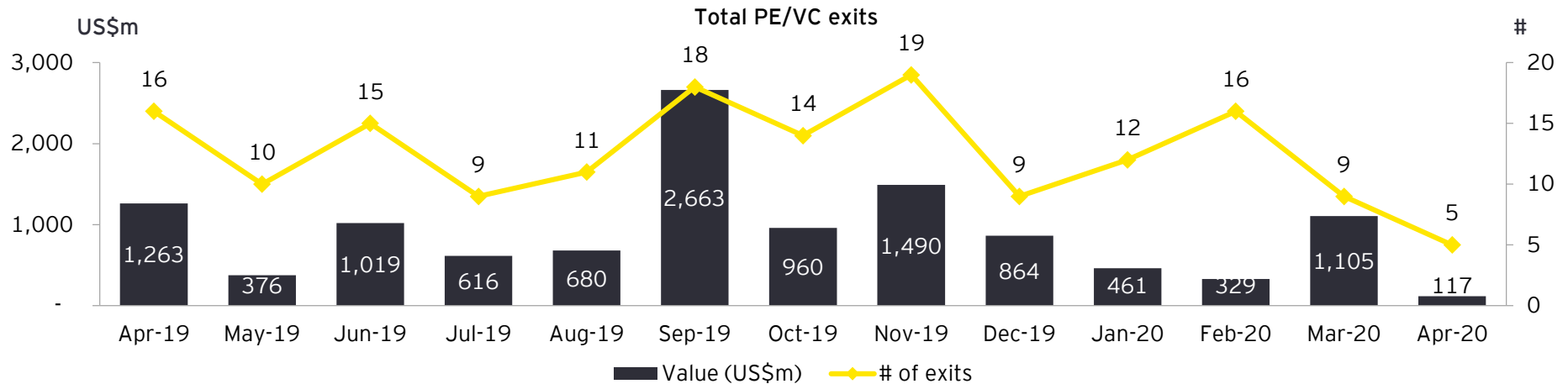
- ▶ There was no fundraise recorded in April 2020. This is the first time since August 2016 that we are witnessing a month in which Nil India dedicated funds have been raised. There has been a precipitous decline in India dedicated fundraises since US\$742 million was raised in January 2020. April 2019 had recorded fundraises worth US\$682 million.

PE/VC monthly headline trends: investments



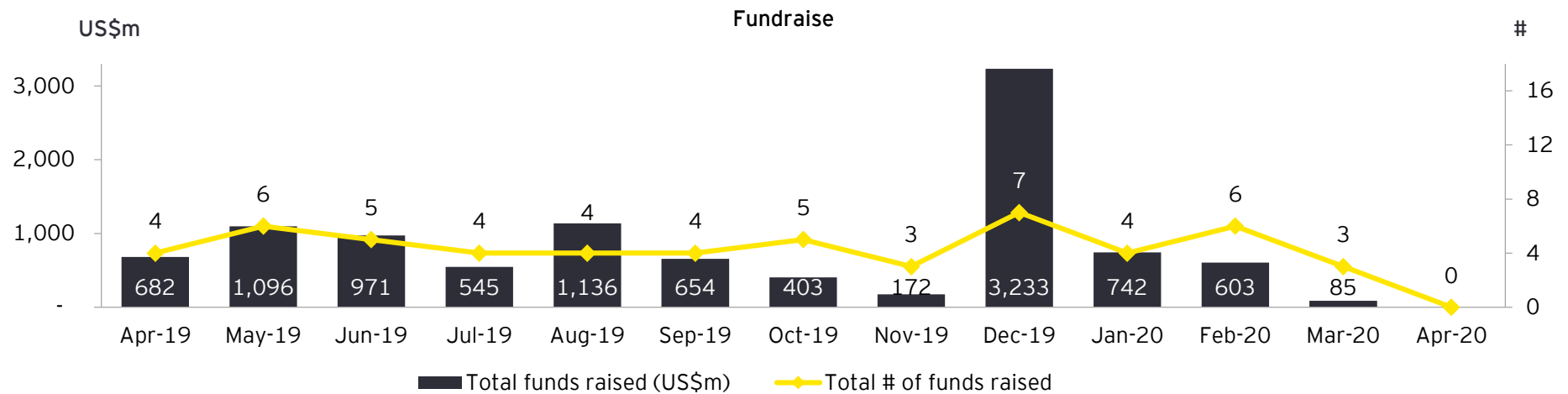
Note: Real estate includes deals across real estate (residential and commercial), hospitality and construction
 Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

PE/VC monthly headline trends: exits



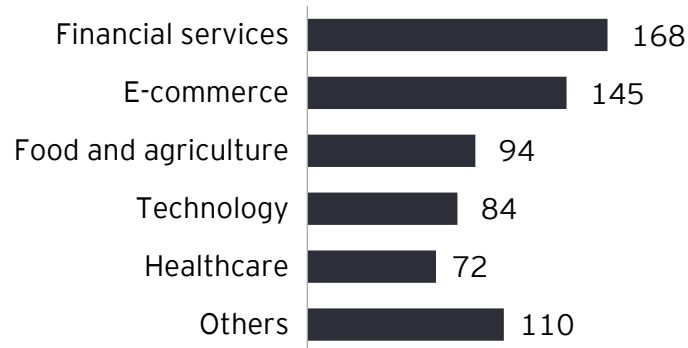
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PE/VC monthly headline trends: fundraise

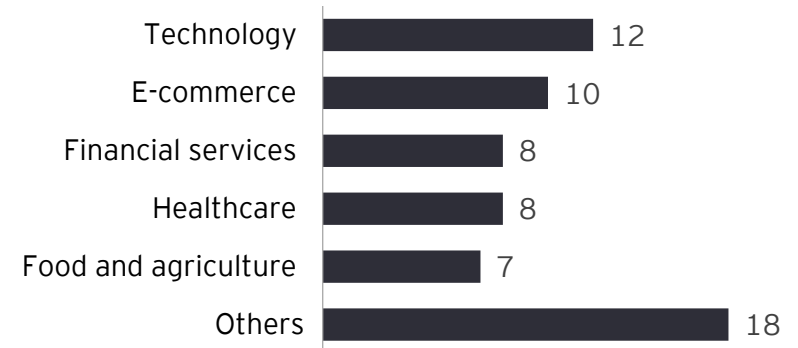


PE/VC investments: US\$673 million over 63 deals (excluding infrastructure and real estate investments)

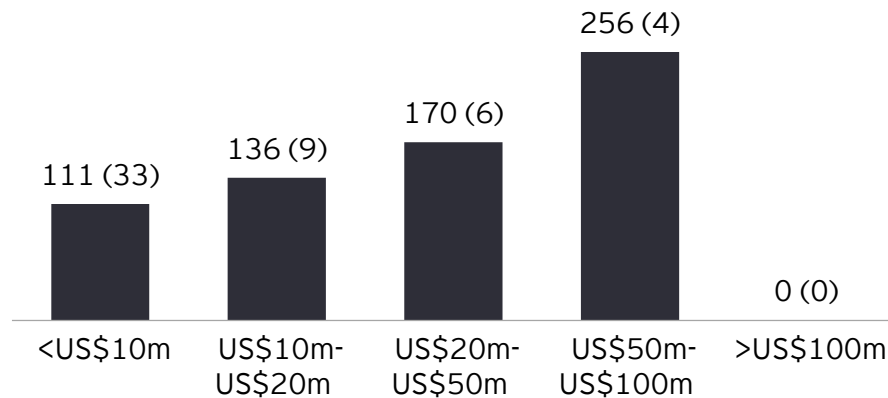
Top sectors by value US\$m



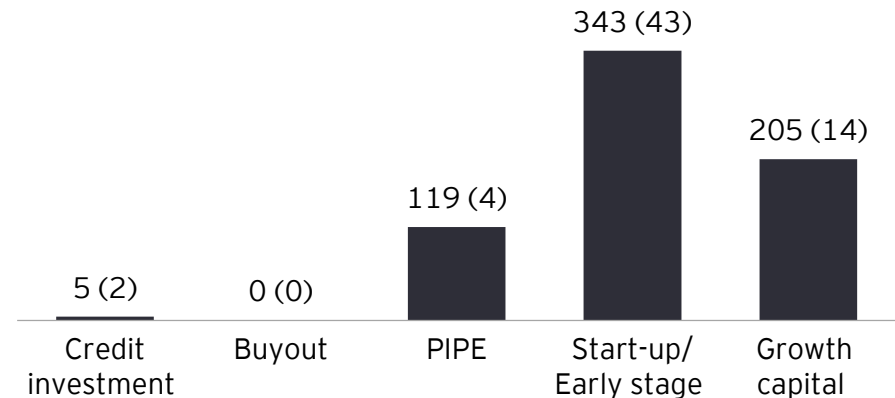
Top sectors by volume



Deal value US\$m (volume)

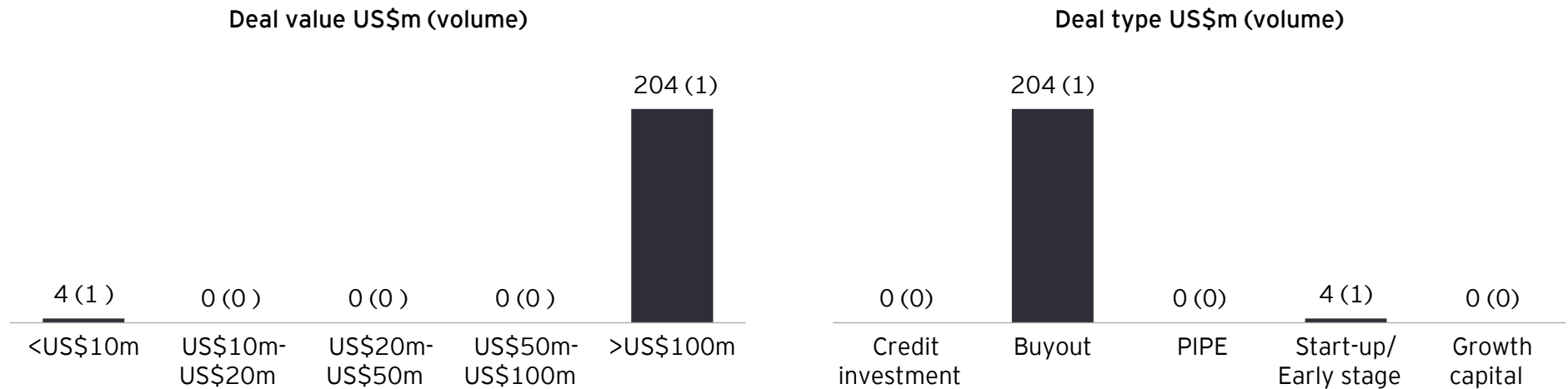


Deal type US\$m (volume)



Note: Deal value was not disclosed on 11 out of 63 deals in April 2020
 PIPE: private investment in public equity

Infrastructure and real estate investments: US\$208 million over 2 deals



PIPE: private investment in public equity

Note: Real estate includes deals across real estate (residential and commercial), hospitality and construction

Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in April 2020

Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
Bandhan Bank Limited	GIC	Financial services	PIPE	99	4
MedGenome Labs Limited	Sequoia Capital, Leapfrog Investments and others	Healthcare	Start-up	55	NA
Supermarket Grocery Supplies Private Limited (Bigbasket)	CDC Group and others	E-commerce	Growth capital	52	NA
Rebel Foods Private Limited	Coatue Management LLC	Food and agriculture	Growth capital	50	NA
Bundl Technologies Private Limited (Swiggy)	Tencent, Korea Investment Partners, Samsung Ventures and others	E-commerce	Start-up	43	NA

Top infrastructure and real estate investments

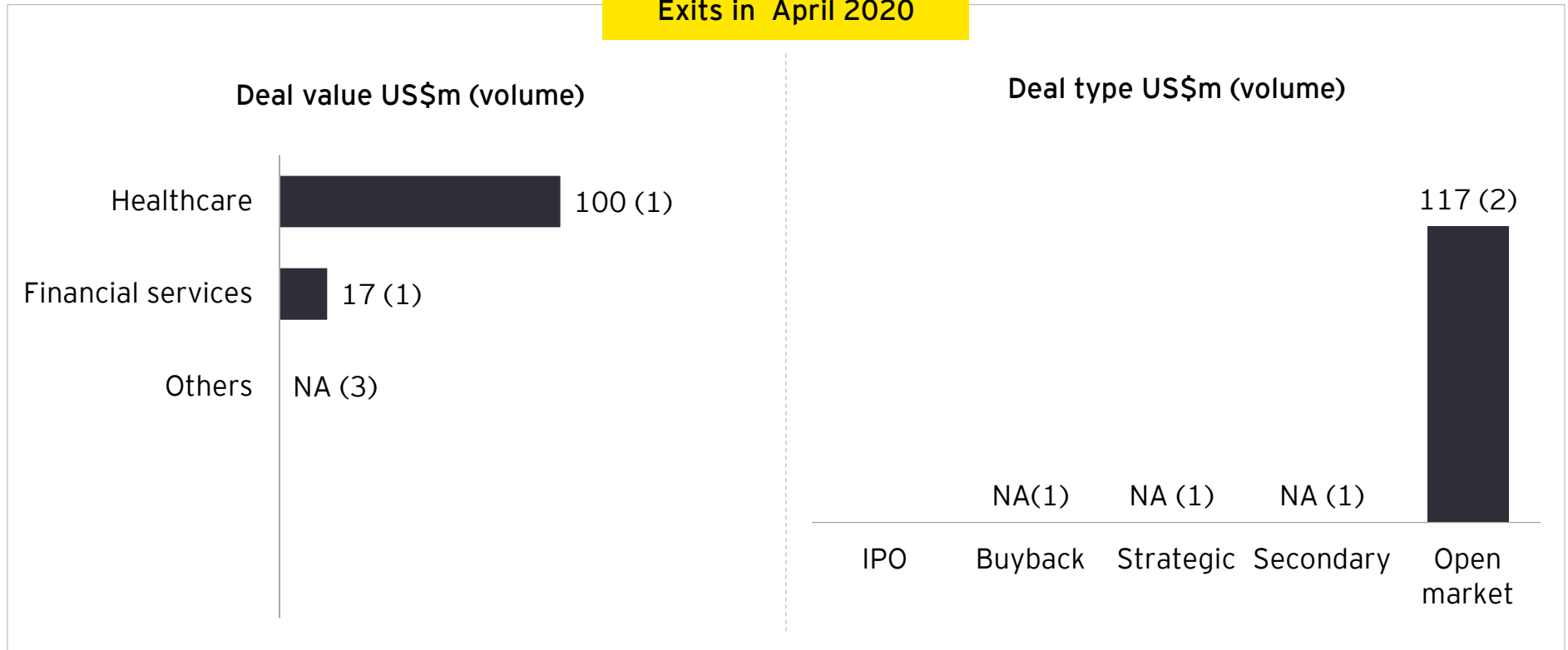
Top infrastructure and real estate investments in April 2020

Company/project	PE investors	Sector	Stage	US\$m	Stake (%)
Five solar assets (317 MW) of Shapoorji Pallonji Infrastructure	KKR	Infrastructure	Buyout	204	100

Note: Real estate includes deals across real estate (residential and commercial), hospitality and construction
Infrastructure includes deals across roads, ports, railways, power and utilities, renewables and telecom infrastructure

Exits: US\$117 million across 5 deals in April 2020

Exits in April 2020



Top exits

Top exits in April 2020

Company/project	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Metropolis Healthcare Limited	Healthcare	Carlyle	NA	Open market	100	13
Ujjivan Financial Services Limited	Financial services	CX Partners, NewQuest capital	NA	Open market	17	3

Fundraise

Top fundraises/announcements in April 2020

Status	Fund	US\$m	Strategy
Announced	Motilal Oswal - India Realty Excellence Fund IV (IREF IV)	155	Housing and commercial projects

A hand is shown pointing at a tablet computer. The tablet screen displays various data visualizations, including a bar chart with green and purple bars, a line graph, and a network diagram with nodes and connecting lines. The background is dark with blue and purple light effects.

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.

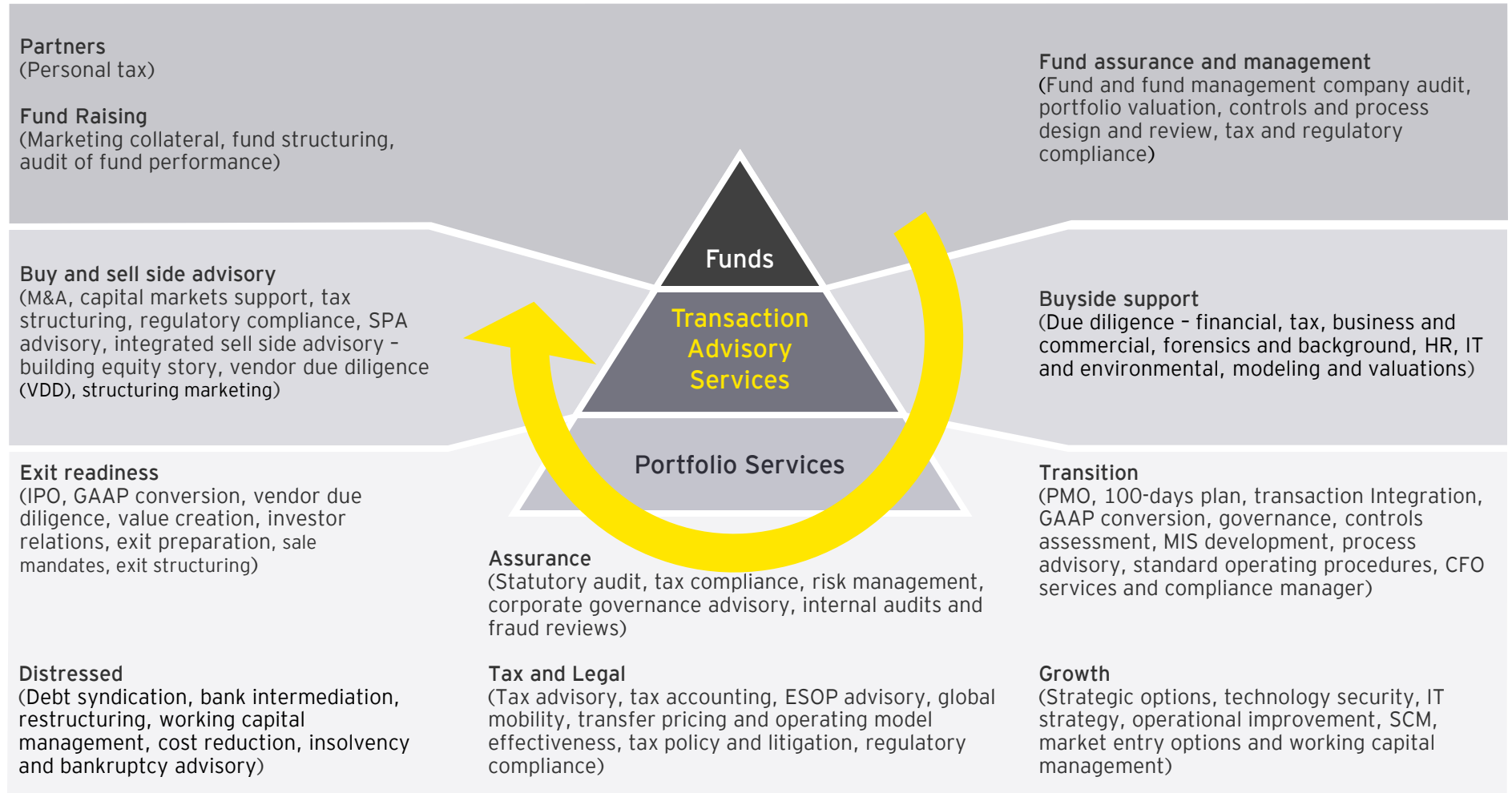
In India, EY is among the leading providers of advisory, tax, transactions and assurance services. The organization is also the number one professional services brand* in India, which is a testimony to our relentless commitment to deliver exceptional client service and create a better working world.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



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About EY

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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, 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, including a prominent white building with a dome. A dark semi-transparent banner is overlaid on the left side of the image, containing the text "About IVCA".

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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